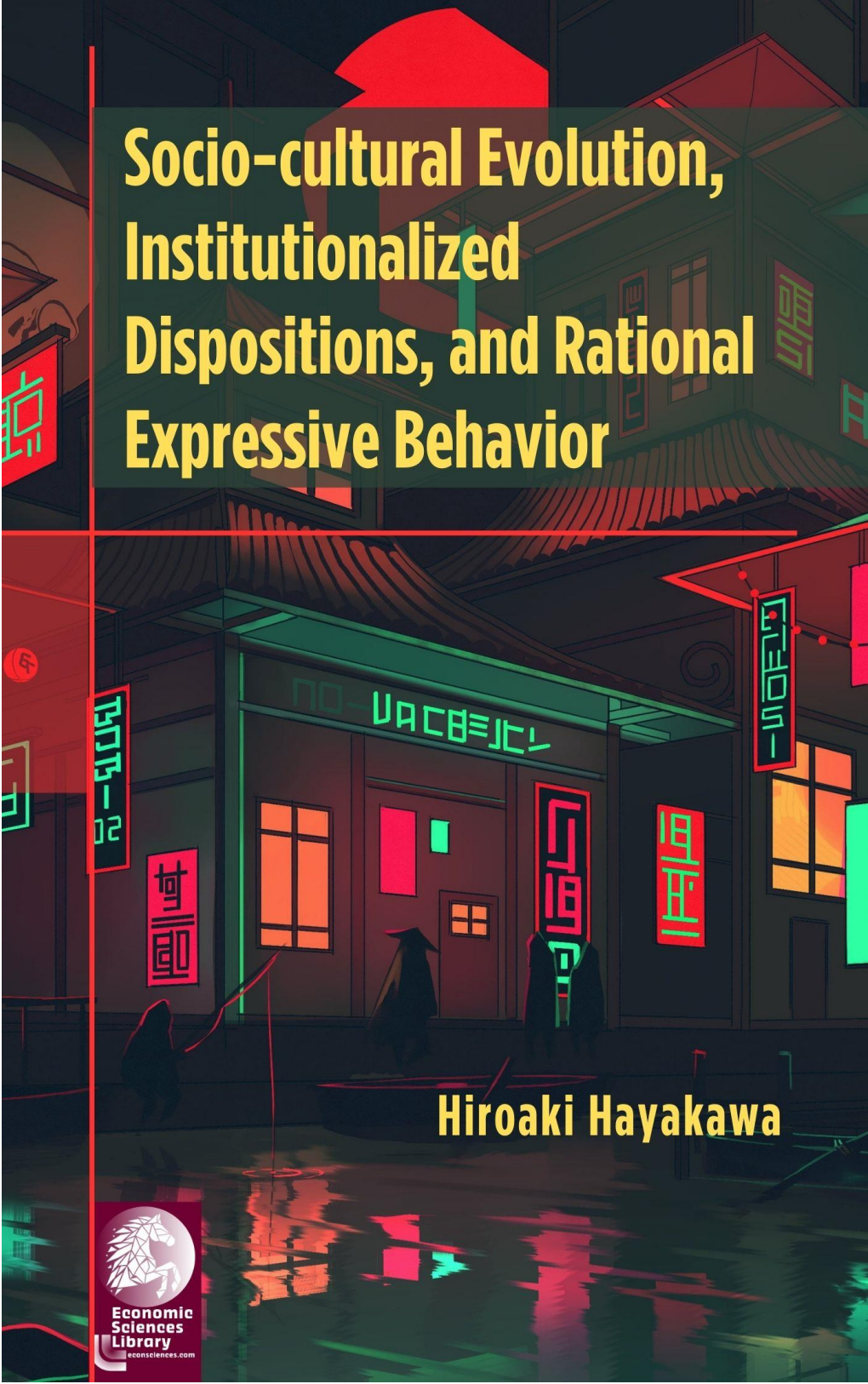
Socio-cultural Evolution, Institutionalized Dispositions, and Rational Expressive Behavior



Hiroaki Hayakawa

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Preface

This book focuses on the rationality of expressive behavior of socio-cultural agents and how this behavior is guided by socio-cultural norms and a system of cultural symbolism that evolve over time. Our core objective is to characterize human behavior as an expressive, norm-guided action occurring under conditions of bounded rationality.

Within this framework, we argue that theories of institutionalized dispositions or habitus provide a critical foundation upon which to build our understanding of this behavior as a rational expressive action aimed at attaining symbolic profits. However, this pursuit takes place under several constraints: the feasibility of economic means, the availability of information, the pressure of social sanctions, and the need for psychological satisfaction are all fundamental elements that delimit this rationality.

Specifically, the following crucial points are explored in depth:

The Transformation of Cultural Value Patterns and Norms into Institutionalized Dispositions: The process by which cultural values and norms are internalized at the individual and collective levels and transform into behavioral predispositions, or habitus, is analyzed.

The Evolution and Constitution of the Socio-economic Order: We examine how the socio-economic order emerges

and evolves over time, constituted by institutionalized dispositions, the cultural capital of lifestyles, shared expressive symbolism, and social norms.

The Emergence of Social Want: We investigate how social want emerges as a convoluted desire, constituted by both objective social facts and the subjective longing for upper-status identification.

Rational Behavior as the Pursuit of Symbolic Profits: It is demonstrated in detail how behavior based on this social want can be characterized as rational behavior seeking symbolic profits under constraints.

The Relationship with Bounded Rationality: The intricate connection between expressive behavior and the concept of bounded rationality in problem-solving is elucidated.

Our central argument is this: the emergence and evolution of a socio-economic order as a system of cultural symbolism and value patterns occur precisely through expressive behavior based on institutionalized dispositions and bounded rationality. For socio-cultural agents' actions to be meaningful and to achieve symbolic profits, they must be firmly grounded in the surrounding world of a cultural symbolism system. Otherwise, agents would be blind without an external system of visible values and symbolism.

Contrary to the common view that the behavior of socio-cultural agents is too complex to be abstracted as rational behavior, we assert that the pursuit of symbolic profit is just as rational and sensible as the pursuit of economic profit. These two types of profit-seeking—symbolic and economic—are essentially two sides of the same human behavior that seeks to fit itself to the environing world, with "profit" serving as a measure of success in both cases. In both instances, rationality is predicated on the existence of an external, reliable system of information (be it cultural symbolism or market equilibrium prices).

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1 Introduction

How to characterize human behavior as an expressive behavior of *homo socius vis-à-vis* social norms and cultural symbolism is an extremely demanding question to answer. This paper attempts to tackle this question by addressing (1) the evolutionary nature of a socio-economic order that is constituted of institutionalized dispositions, cultural capital of life-styles, shared expressive symbolism, and social norms, (2) the formation of social want as a convoluted want constitutive of (a) social facts of lifestyles of social classes and (b) the socially acquired desire for upper status identification, expressed as an emulation and avoidance pattern over such styles, (3) the rationality of human behavior as an expressive behavior based on the social want, and (4) the plausibility of norm oriented expressive behavior under conditions of bounded rationality in problem solving. We introduce the notion of socio-economic rationality that captures expressive norm-oriented behavior as rational symbolic profit seeking behavior. We hope our inquiry will answer Herbert Simon's call (1978) for an active intercourse between economic and other social sciences,[i] and Hodgson's (1986) suggestion that in understanding human behavior it is not necessary to fall into the trap of complete voluntaristic

individualism (upward causation) nor into the trap of the structural determinism (downward causation). We also answer why postulation of a utility function on an *a priori* basis is inadequate to deal with cultural-expressive behavior.

Given the complexity of the question, our inquiry proceeds, step by step, in the following sequence and organization: First, we need to review critically the three major theories on the institutionalization of human dispositions, namely, Adam Smith's theory of moral sentiments, Veblen's theory of the leisure class, and Bourdieu's logic of practice and distinction. This is followed by a review of Parsons' structural-functional theory of social actions and social systems. Because Parsons' theory identifies all essential elements that are necessary for society to be integrated as a system of an enduring order, we believe it helps place the first three theories in relation to one another, particularly from the standpoint of institutionalization of dispositions and cultural symbolism. Rather than expressing these theories in general terms, we find it necessary to take this step in order to abstract a common core that runs through them and which helps lay a foundation on which to build a theory of expressive behavior under cultural symbolism. Then we discuss how human tastes/preferences/ dispositions are shaped by social and cultural norms and how they constitute social want as a convoluted want constituted of social facts and socially inculcated desire for upper status identification. We propose that characterizing human behavior as a rational socio-economic behavior requires two things: (1) socially acquired dispositions that keep behavior of individuals in proximity to each other to form norms and (2) a social space endowed with shared cultural symbolism as well as with cultural capital made up of accumulated knowhow of consumption which is necessary for making symbolic profits. Social want is not privation in the abstract since it arises only when an individual lives in a particular social space endowed with a particular symbolism. It is, therefore, not possible to identify this want with any utility function given *a priori* no matter how many arguments are entered. We argue that social want is a convoluted want, most usefully defined by

convoluting socially acquired desire or proclivity for status seeking and identification and the particular properties of a social space that can serve the motive for emulation and avoidance. We show that the choice behavior under such preferences/dispositions can be treated as a 'rational behavior' in the sense of seeking symbolic profits subject to feasible economic means and other constraints. This proposition, therefore, establishes that man, whether isolated as an independent individual or embedded in a socio-cultural context as *homo socius*, is a prudent being regardless of the nature of underlying preferences/dispositions as long as human activities are teleological in nature (aiming an end). The concept of rationality, therefore, is not a patent of the field of economics. If man as *homo socius* is rational in terms of symbolic profit making and upper status seeking, such rationality must be mediating evolution of a socio-cultural system. Our paper argues that such is the logic of institutionalized behavior and cultural evolution.

Views on human behavior, unfortunately, have been split between two extreme poles, one that assumes that human beings are essentially *homo oeconomicus*, i.e., autonomous agents guided by rational goal orientation dictated by the principle of instrumental rationality, and the other that assumes that human beings are *homo sociologicus* (or *homo socius*), i.e., voluntary agents whose dispositions are socially formed and reflect society's common normative values that hold their behavior within socially meaningful and acceptable bounds, and whose behavior is expressive in nature under cultural symbolism. These extreme views are powerful in their own right, but they have left a middle ground largely unexplored, in which the two views may be subsumed into a more general notion of rational agents. If we want to characterize human behavior as an expressive behavior with respect to cultural symbolism, we need to ask if it is possible to integrate the two poles under a more comprehensive view that human behavior is an expression of socially acquired dispositions through use of whatever symbolic means there are in the context in which it is expressed. It should be mentioned

that there have been new important lines of research that are helping bridge the gap, such as psychological economics started by Kahneman & Tversky (1979), rational choice sociology, and experimental economics and game theory, all of which are helpful in understanding expressive behavior. As Thaler (2000) suggested, it is time to shift our focus from the notion of *homo oeconomicus* to a more comprehensive notion of *homo sapiens*, whose distinguishing feature is the sociality and communication.[ii]

Before proceeding to a critique of the four theories, it is useful to clarify the position that this paper is taking. Under a sociological perspective, it is argued that the distinguishing feature of a socio-economic order is that the constituent members of society, possessing socially acquired dispositions, are guided, in their behavior, by common values (including rules of conduct). Economists may express this fact by saying that such values set the normative parameters within which autonomous agents behave under the principle of instrumental rationality (through means-end relations), whereas sociologists may go a step deeper into the psychological and sociological makeup of individual agents by arguing that such values, when internalized into their motivational structure, may form dispositions prone to follow a certain logic of practice that is meaningful in social and symbolic terms. In phenomenological terms, we can say that human beings, through their acts of intentionality, interpret the state of their being by understanding their relation to a world they find themselves in, and that if this environing world is endowed with certain common values and cultural symbolism, an agent's interpretation of his being cannot remain aloof of them. Human activities always involve others. One cannot, therefore, ignore the fact that such values play a decisive role in governing human activities, whether in scientific endeavors, business transactions, or community activities. This is also true of the religious values as the source of faith and beliefs that ground human beings as loving and caring beings. Thus, to recognize that a socio-economy as an organized system is a spontaneous order evolving with social norms, cultural symbols, and ethical

and religious values is only a first step toward understanding human activities as an intricately organized expressive behavior, not as activities that are largely independent of these values. It is the stand of this paper that abstracting economic transactions merely in terms of simple self-centered calculations, without knowing what 'being self-centered' really means and without accounting for on what factors such calculations are based, is not enough in grasping a socio-economic order as an integrated totality. Economic motivations that come from the principle of the *in-order-to's* of human actions become meaningful only when they are cast in the light of what makes man's living in this world profitable in terms of his life-project to be completed. It should be reminded that the good (the end) that human actions aim for is intertwined with the good of society in Aristotle's ethics.

With this stand, this paper starts with a critical review of the major institutional theories on the issue of how a socio-economic order emerges and holds together all categories of values: economic, social, cultural, ethical, religious, linguistic, and even aesthetic. This review is necessary to clarify and analyze what is meant by the institutionalization of common normative values as the functional foundation of a social system. We will show that it is the principle of institutionalization of dispositions that underlies the three theories, which are essentially theories of socio-cultural evolution. They share a similar generative principle and have a homological structure with differing points of emphasis. We know that Parsons and Bourdieu, as sociologists, are adamantly opposed to the economists' view of rational behavior that reduces human agents to the level of instrumental goal-orientation or mechanistic responses. Parsons insists in *The Social System* that this scheme of instrumental goal-orientation is not adequate in explaining social actions in a social system, for which institutionalization of common normative values is quitessential. Likewise, Bourdieu, in *The Logic of Practice*, is opposed to the economists' description of rational agents as mechanistic responses, and, in *Distinction*, he argues that economic variables are not enough to account for symbolic

profits that social agents seek. Such criticisms should not be ignored, but, at the same time, it should be kept in mind that the disposition-based practices aiming at symbolic profits cannot be meaningful performed in a socio-cultural environment without mediation of a selective or screening principle, which implies that some criterion is necessary for selecting a certain object from a feasibility set. Although Bourdieu points to the spontaneity of practices, the difficulty of problem solving involved in such practices could be even more demanding than any straightforward problem of making a choice from a given feasibility set, if the practices are to be non-mechanistic and socially meaningful. This is the reason why the cultivation of the codes of decorum by the leisure class is time consuming - a virtue of consumption in Veblen's view. One may be able to choose easily what one likes, but, when it comes to symbolic profits, one must ponder on what would be the best choice to make in symbolic terms. This is why we think that the logic of practice may become greatly affected by the accumulated knowledge of economizing schemes of problem solving that can serve as socially and culturally meaningful heuristics. Human beings go through the process of trial and error, and successful experiences tend to collect momentum in solving complex problems. In dealing with human behavior in the context of a socio-cultural environment, it is necessary to go beyond the conventional dichotomy between preferences on the one hand and the situations in which choice making is embedded on the other, and to integrate the institutionalized normative values with the rationality principle that mandates that one select a most effective object of choice from the alternatives that are feasible, whether for cultural profits or social comparison or any other gain, without losing sight of the spontaneity of human existence and a socio-economic order in which this existence is intimately situated. What we intend to accomplish through our examination of these theories of institutionalization is, therefore, to bring the fact to better understanding that human beings, through their acts of intentionality, more particularly, through their acts of categorical intuition, synthesize the irreal objectivities

ideationally and construct a social and cultural space in which the choices made are conferred with a symbolic meaning that would otherwise not exist.

I need to ask for patience as the four theories are reviewed through their critical parts. This step is necessary in order to identify the core idea and the homological structure of institutionalization on which our theory of symbolic expressive behavior is based. We start with Adam Smith as the forerunner of the tradition of spontaneous order and institutionalization.

Notes

[i] Simon (1978), referring to the concept of the rational man in economics as a perfect utility maximizer and writing on the trade between economics and other sister social sciences had this to say:

> It is this concept of rationality that is economics' main export commodity in its trade with the other social sciences. It is no novelty in those sciences to propose that people behave rationally – if that term is taken in its broader dictionary sense. Assumptions of rationality are essential components of virtually all the sociological, psychological, political, and anthropological theories with which I am familiar. What economics has to export, then, is not rationality, but a very particular and special form of it – the rationality of the utility maximizer, and a pretty smart one at that. But international flows have to be balanced. If the program of this meeting aims at more active intercourse between economics and her sister social sciences, then we must ask not only what economics will export, but also what she will receive in payment. An economist might well be tempted to murmur the lines of the tentmaker: "I wonder often what the Vintners buy – Only half as precious as the stuff they sell." Simon (1978, p. 2)

[ii] The field of behavioral economics and psychological economics has cultivated new approaches to explaining human behavior that are more consistent with the way human mind and psyche actually work to affect human behavior. We are now familiar with such notions as prospect, reference dependent preferences, endowments effects, and hyper-discounting, which have contributed a great deal in explaining human behavior that is not easily reconcilable with the traditional economic theory. These notions cannot be ignored in cultural-symbolic expressive behavior, for which risk-taking of emulation and the valuation of choice objects for their symbolic serviceability depend on economic and cultural endowments as well as on where the agent is located in a social space and the degree of uncertainty which tends to create a strong bias toward the current social status and life-style. See, e.g., Kahneman & Tversky (1979), Kahneman & Knetsch, & Thaler (1990, 1991), Tversky & Kahneman (1991), Rabin & Thaler (2001), Koszegi & Rabin (2004), Laibson (1996, 1997), Ainslie (1991) and Ainslie & Haslam (1992).

The field has benefited a great deal from another line of research, that is, experimental economics and game theory, on such important topics as prosocial behavior, fairness, reciprocity, and altruism. These developments are extremely helpful in demonstrating that man's dispositions are not simply self-centered but anchored in social norms of fairness and other-regarding. See Fehr & Gächter (2000) for a review of the literature.

It should also be noted that sociology itself has seen a new development known as rational choice theory, which attempts to explain complex social phenomena in terms of rational actions and voluntary exchanges of individuals. See Homans (1961), Blau (1964), and Coleman (1973) for an early development in 1960s and 1970s, and Coleman (1991). It has brought a new challenge on how to reconcile rational actions with socio-cultural norms, a theme of central concern to Parsons (1951). Our paper is addressing this challenge by delving into cultural-symbolic expressive behavior based on institutionalized dispositions. The novelty of our approach is that we distinguish between the rationality based on utility function given *a priori* and the effective rationality which is revealed through a convolution of an effective status emulation pattern and the information on the distribution of choice objects in terms of their popularities across social classes.

2 Adam Smith's Theory of Moral Sentiments and Cultural Evolution

Adam Smith's thesis, *The Theory of Moral Sentiments* (1759) (hereafter MS), explains how our moral sentiments of approbation and disapprobation, combined with moral faculties that respect moral rules of conduct, can account for an evolutionary process of a harmonious economic order by instilling, in man, ambition and industry to accumulate wealth for the purpose of obtaining fancy contrivances as objects of admiration by spectators. This race of wealth accumulation splits the society into two ranks, high ranks (the wealthy) and low ranks (the poor), the former respecting such virtues as freedom, independence, and generosity whereas the latter respecting such virtues as prudence, justice, frugality, industry, and strict observance of rules. The race also gives rise to emulation and avoidance as the rich seeks to distance themselves from low ranks by setting a new fashion that avoids the meagerness with which their fashion may become associated when it has been emulated successfully by those of low ranks. People of low ranks, however, work industriously, develop sciences and arts, and produce innovations, which will enable the economy to

produce fancy contrivances that are acquired by the wealthy in setting their fashion. The race, through differentiation of classes and virtues, produce employment opportunities necessary to feed the multitude while the economy becomes more extensive in its order. The principle of custom and habit, as an extensive principle, mediates the exact process of evolution by habituating man's tastes and aesthetic sense of beauty and propriety of all objects of choice, modes, arts, and judgments. Everything falls into the hand of Providence.

Adam Smith holds that if man is only interested in the direct (raw) utility of anything, the economy does not grow as an extended order. There simply won't be enough force to drive an economy. To make this point, Adam Smith starts Part IV of *The Theory of Moral Sentiments* with an observation that the utility is one of the principal sources of beauty and that objects of happy contrivance produced by the art of production are valued more than the end for which they are produced and that the whole merit of such objects consists in attaining them, which is worth all the toil and the adjustment of the means to acquire them (MS, 257-258). A refined watch is a good example, as what interests man is not so much the convenience and the knowledge that it affords as the refined nature of the good itself (MS, 259). But, this subtle difference makes an enormous difference in the way the economy develops its order. The raw utility that articles of conveniency yield is limited and does not justify the toil needed to attain it. But if such articles become objects of admiration by spectators (acquire symbolic values), the merit of acquiring them takes on a different meaning, and man's striving for this end collects a force that perpetuates and drives economic development. When a poor man is exposed to the articles of conveniency displayed by the rich, there arises in him ambition to be wealthy by being industrious. Man's endeavors to acquire talents, professions, better jobs and his willingness to bear the required burden of hardship and sacrifice all originate in this ambition, although those observable articles of vanity sought so earnestly do not yield much of the conveniency dreamed of, in comparison with cheaper articles of similar utility (MS,259-261). The principal

cause of this quest for elegant contrivances as means of happiness is rooted in man's proclivity to pay more attention to the sentiments of other people for his mode of living and in man's belief that such fancy contrivances are objects of admiration and applaud of other people, although this belief is separate from how much such goods contribute to the happiness of their masters (MS, 261-262). The real satisfaction, with all its implications, is confounded into a view that man's unceasing endeavors in the economy that is turning out fancy goods of contrivance and man's ambition to win admiration of other people by becoming wealthy and obtain such goods are all part of the harmonious movement of the system.[iii]

The economy is thus viewed as a grand harmonious order. People find a real source of satisfaction in fancy goods of contrivance as objects of admiration, the system arranges itself beautifully by keeping people industrious, wealth is sought as something noble, and the economy expands as a harmonious order with increasing opportunities of employment for the multitude. There is nothing intrinsic about such confounding of satisfaction, beauty, order, and nobility. Although it may be a deception, this harmony keeps the industry of mankind in perpetual motion and the economy as an extending order. This industry and ambition is the source of all sorts of innovations that embellish our life and push the frontiers of sciences and arts. The order of the economy never loses its harmony as the wealthy, whose stomach is far less than their desires for conveniency, consume only a small but the most precious portion of the output produced in the economy while the rest trickles down to lower levels to feed those who actually produce the trinkets and baubles enjoyed by the great. Our love for the beauty of order and elegant contrivances also permeates our desire for better institutions that promote the public welfare. Thus, the moral sentiments for approbation rouse man's ambition and industry, spawn innovations, promote development of sciences and arts, adore accumulation of wealth, extend the order of an economy with the employment of the multitude, and advance better institutions for public welfare, all part of Providence that sees to it that the entire

system be kept in a harmonious movement without leaving any part unaccounted (MS, 262-268).

Elaborating on the origin of ambition and the distribution of ranks (Ch. II, Section II, Part I, 70-83), Adam Smith argues that because we are disposed to sympathize more with joy than with sorrow, we want to demonstrate our riches, conceal our poverty, pursue riches, and avoid poverty. Our ambition is to acquire refined articles and to derive from this acquisition the advantage of sympathy, complacency, and approbation from the spectator. This vanity is only founded on our belief that we are exposed to the attention and the approbation of other people. It is this observation and admiration by other people which renders greatness to the objects of envy, and compensates all the toil, anxiety, and loss of leisure that is forfeited in its acquisition (MS, 70-72).

Despite the grand beauty of a harmonized system, Adam Smith is quick to point out that our disposition to admire the rich and neglect the poor causes our moral sentiments to be corrupted, although this corruption is part of the great order. There are two roads man can take in gaining the admiration of mankind, either by taking the road to wisdom and virtue or by taking the road to wealth and greatness. Wisdom and virtue are admired only by a select few, but wealth and greatness are admired by the multitude. It is by taking the latter road that our moral sentiments become corrupted, but this corruption is not uniform. It splits between the inferior and superior stations of life. In the inferior stations in which most men find themselves, men develop the virtues of prudence and justice in seeking professional abilities and in observing the rules of justice, which are reinforced by the sentiments of neighbors. In the superior stations of life, however, where the success depends on winning the favor of the proud and vain superiors, the great virtues are tamed by the external graces of a man of fashion. But, because of man's disposition to imitate the living of the rich, men of the superior stations distance themselves from men of the lower stations by setting a fashion or a decorum, with all vices and follies to go with it. Men of the lower stations emulate this fashion as a noble object of

admiration. In this way, the fashion set by the rich, through envy, takes most men away from the road to the great virtues, as they remain ambitious at emulating this fashion, although it is the illusion that it would give the successful emulator the joy of a more generous living and earn the respect and admiration of the spectator. Those at the lower stations of life are not all miserable, as they, by their virtues of prudence and justice, work with diligence, produce innovations, and develop sciences and arts, which are all essential in keeping the economy going as an extending order. The point is that their moral sentiments are affected with the ambition to earn the respect and the admiration of the spectator. It is such affected dispositions that are the source of man's industry. Thus, the economy as a harmonious order thrives as a perpetual race to get the greatness and power of wealth. Corrupt as man's virtues may be, such corruption is part of Providential Guidance. From the standpoint of evolution, it is important to note that society bifurcates into the upper and lower stations, which turn the moral sentiments into different dispositions and cultivate different virtues, one for consumption and the other for production. Since such dispositions and virtues become what are expected of men belonging to the different stations, they acquire the moral force, and, in this sense, can be regarded as institutionalized dispositions (MS, 84-90).

While our moral sentiments become corrupted, Adam Smith holds that how our moral sentiments are shaped is affected by the principles of custom and fashion, or by the principle of habituation, which can cause different judgments of beauty to emerge in different ages and nations. Repeated observation of different things habituates our mind to appreciate similar connections in similar situations, and such habituation gives rise to our custom of connecting different things, with the sense of the propriety or the impropriety of varied combinations of things. Under the principle of habituation, a fashion, initiated by men of high ranks of life, through repeated observation, acquires the sense of being something genteel and magnificent. As this fashion is emulated by men of inferior ranks, it acquires the character of meanness

and awkwardness and loses its grace it once had. Custom and fashion are an extensive principle as their influence covers all objects of choice, be they modes of dress, furniture, poetry, music, architecture, manners, and so on. They even influence our judgments of the beauty of natural objects, as in our appreciation of a certain middle or the general pattern with respect to the features of things, animate or inanimate. Thus, custom and fashion habituates our mind to see, or, even to judge, certain things as beautiful or appropriate and other things as distasteful and inappropriate. In Adam Smith's view, how our mind sees certain things in certain ways, with the sense of propriety or impropriety, is not something that can be assumed given, but rather a product of custom habituating and impressing our mind to see things in certain ways, although custom is not the exclusive principle of beauty. If custom and habit permeates our sense of beauty and propriety of things, there is no reason why it does not influence, in some way, our sense of beauty on human conduct. But, this influence will be limited because the virtues of the inferior ranks of people such as parsimonious frugality, painful industry, and rigid adherence to rules are viewed as mean and disagreeable, while they are also connected with the abject, cowardly, ill-natured, lying, and pilfering nature of their disposition. On the principle of custom and habit, Adam Smith adds that the golden mean of virtues observed in those who are most esteemed, being emulated by many, will guide the course of the development of the propriety of character and behavior. Admitting that custom and habit affect what is regarded as agreeable, appropriate, or beautiful, in seeing things or in determining conduct, such influences are only limited to the propriety or impropriety of particular usages of our virtues or behavior, although good morals may be thwarted and seemingly immoral particular actions may be accepted as lawful and blameless. But, again, this is all part of the order under the guidance of Providence (MS, 288-304).

We should not ignore the fact that while Adam Smith draws a picture of a grand system of harmony that originates in our moral sentiments, he does not forget to place an equal

emphasis on the importance of the general rules of conduct in preserving the order of our society. He holds that man is endowed with a particular power of perception by which to distinguish the beauty and the deformity of passions and affections, and with a special faculty of the moral sense by which to judge their own conduct. It is by the power of this perception and this moral sense that man, by observing the conduct of other people, forms certain proper rules of conduct. These rules are not determined by any *a priori* examination of what actions are to be approved or disapproved by philosophical reasoning, but rather they are based on our own experiences of what has been approved by our moral faculties and our natural sense of merit and propriety. Custom and habit may influence the particular usages of our virtues or behavior, but man's conduct itself has to observe the proper rules, although such rules themselves cannot escape the influence of custom and habit because these principles habituate our sense of beauty and propriety. Adam Smith holds fast that this regard for the general rules of morality is, as man's duty, a principle of the greatest consequence in human life, and only by which man's actions can be directed. This principle separates "a man of principle and honour" from "a worthless fellow". Without a reverence for the rules of morality, the very existence of human society would crumble into nothing. Adam Smith says that the sense of duty is too important to the happiness of mankind to leave it to the slow and uncertain artificial reasoning and philosophy, while noting that religion has already given sanction to these rules. The observance of the rules of conduct is not without its own recompense; unlike man's industry, prudence, and circumspection which have their recompense of success, wealth, or honors, the practice of truth, justice, and humanity has the recompense of confidence, esteem, and love of others. Smith holds that the observance of the general rules of morality can only be supported by the strongest motives of self-interest, which includes both self-regarding and other-regarding. In fact, one without the other is destructive of its foundation. Thus, Adam Smith argues that our natural power of perception, our moral faculties, and our strongest motives of

self-interest (both self-regarding and other-regarding) will, through experience, be able to grasp moral rules of conduct by which to guide our conduct in whatever circumstances we find ourselves, and that these rules keep the human existence in harmony with the entire system (MS, 223-241).

This is the grand order of society as envisioned by Adam Smith. It is a view that connects all aspects of human existence (tastes, dispositions, judgments, production, sciences, arts, innovations, ambition, industry, employment, the sense of beauty, nobility, and propriety, and what not) into a unified harmonious order under moral sentiments for approbation and moral faculties. While the principle of custom and habit shapes the course of evolution of this grand order, it is the motive to emulate the life-styles of the superior stations of life (and to avoid those of the lower stations) that drives an economy to an ever greater order with moral sentiments turning into two different dispositions and virtues, one for consumption and the other for production and innovation. Adam Smith's theory was inherited by Thorstein Veblen, who puts forth another similar evolutionary theory under the title of *The Theory of the Leisure Class* (1925) (hereafter LC) with the moral sentiments replaced with an instinct of workmanship that again turns into two diametrically opposed dispositions and virtues. We now review his theory.

Notes

[iii] On this grand beauty of the system, Smith writes:

> .... If we consider the real satisfaction which all these things are capable of affording, by itself and separated from the beauty of that arrangement which is fitted to promote it, it will always appear in the highest degree contemptible and trifling. But we rarely view it in this abstract and philosophical light. We naturally confound it in our imagination with the order, the regular and harmonious movement of the system, the machine or economy by means of which it is produced. The pleasures of wealth and greatness, when considered in this complex view, strike the imagination as something grand and beautiful and noble, of which the attainment is well worth all the toil and anxiety which we are so apt to bestow upon it (MS, p. 263).

3 Veblen's Theory of the Leisure Class: The Canon of Conspicuous Waste

Rather than starting with moral sentiments, Veblen starts with an instinct of workmanship, which is nothing other than man's acquired taste for productive and effective work and distaste for the contrary. It should not be identified with an instinct in the deep psyche, since it is an aptitude to be able to separate what is productive and what is futile, which is a capacity socially acquired. It is this instinct that influences the apperceptive activity of our mind and habituates our tastes and the sense of beauty, nobility, and propriety. It cultivates our sense of beauty by blending the generic and the honorific beauty, and by this blended cultivation our tastes conjoin the brute efficiency and the honorific reputability. Through the succeeding phases of cultural and industrial development, there emerges a leisure class with the canon of conspicuous waste as its dominant mode of tastes. This canon then serves as a selective principle that screens innovative goods for their serviceability on the measure of honorific reputability. Veblen's theory is an evolutionary theory that accounts for the emergence of an invidious culture that adores honorific waste

as an expression of the life of leisure. It is derived from a socially acquired aptitude for productive work, called the instinct of workmanship, which steers the course of socio-cultural evolution through habituation of the apperceptive activity of mind as well as through circumvention of the sense of beauty.

The instinct of workmanship works itself out through stages of socio-cultural evolution, starting with a peaceable barbarian/savagery stage in which the incentive and the scope of emulation is still limited, through a predatory phase in which exploit and acquisition by war and seizure is praised more than industrial employment, and to a quasi-peaceable phase of an incipient organization of industry and private property, in which accumulation of wealth becomes a common basis of esteem in the community with the highest honors still being granted on predatory or quasi-predatory efficiency in war or statecraft. The acquisition of wealth, as the source of popular esteem and self-respect, now sets in motion in this stage a process of the struggle for a higher relative standing against competitors. The instinct of workmanship is thus channeled into a straining race for pecuniary achievement (LC, 36-40).

The struggle for the attainment of pecuniary reputability works in different directions for different classes. While this struggle takes the form of increased diligence and parsimony for those whose actions are tied to field of productive efficiency, the dominant incentive of the superior pecuniary class is the gaining of abstention from productive work, which is regarded debasing to a spiritual human life. In the predatory phase, particularly, productive work becomes associated with a mark of weakness, subjection, and inferiority. Thus, the life of leisure establishes itself as the most definitive evidence of pecuniary achievement and reputability. Pecuniary emulation of this exemption from labor continues to inhibit the habits of industry and thrift. Wealth as a direct meritorious measure of social standing is now taken over by insistence on the exemption from productive labor. The life of the leisure class, in this way, becomes institutionalized with all its honorific and meritorious requisites (LC, 41-45).

With the leisure class comes refinement of a code of decorum (refined tastes, manners, and habits of life). While manners, both as a symbolic expression of the relation of status and as a sign of gentility, are intrinsically good, the ulterior economic ground of a code of decorum lies in the honorific character of leisure, and demonstration of proficiency in it, as the "voucher of a life of leisure". Thus, conspicuous leisure grows into a detailed code of decorum as well as into discriminate tastes for the decorous nature of consumption (LC, 50). Personal service also becomes an important economic institution for consumption purposes. Initially leisure is performed vicariously by housewives and menials for their masters, but as competition for conspicuous leisure gains in scope, there emerges a subsidiary leisure class comprised of servants of various grades with a division of labor among them. These servants spend vicariously the leisure of their masters or corporate households all for the demonstration of the pecuniary reputability of the leisure class (LC, 56-59).

Parallel to the development of the institution of conspicuous leisure is the beginning of differentiation in consumption based on pecuniary strengths in the earlier quasi-peaceable stage. As competition for conspicuous leisure becomes increasingly strenuous, gentlemen of leisure turns to consumption as another means of demonstration of their pecuniary reputability, seizing those innovations that turn out more elaborate goods for consumption. They cultivate their tastes and learn to discriminate the noble from the ignoble among goods for consumption. How to live a life of ostensible leisure, by demonstrating refined tastes for manners and through consumption of appropriate goods, becomes just as important as demonstrating conspicuous leisure. Thus, conspicuous leisure and conspicuous consumption become the social norm of the leisure class (LC, 60-64). As wealth accumulates and as conspicuous leisure and consumption is increasingly refined, the leisure class becomes differentiated with a system of ranks and grades, which is furthered by inheritance of wealth and gentility. With the proper leisure class at the top, there emerges hierarchical classes of

impecunious or half-caste gentlemen of leisure with various degrees of dependence on the upper classes.

Veblen's view of the life process in an invidious pecuniary culture is most succinctly described in the following passage.

> The accepted standard of expenditure in the community or in the class to which a person belongs largely determines what his standard of living will be. It does this directly by commending itself to his common sense as right and good, through his habitually contemplating it and assimilating the scheme of life in which it belongs; but it does so also indirectly through popular insistence on conformity to the accepted scale of expenditure as a matter of propriety, under pain of disesteem and ostracism. To accept and practice the standard of living which is in vogue is both agreeable and expedient, commonly to the point of being indispensable to personal comfort and to success in life. The standard of living of any class, so far as concerns the element of conspicuous waste, is commonly as high as the earning capacity of the class will permit–with a constant tendency to go higher. The effect upon the serious activities of men is therefore to direct them with great singleness of purpose to the largest possible acquisition of wealth, and to discountenance work that brings no pecuniary gain. At the same time the effect on consumption is to concentrate it upon the lines which are most patent to the observers whose good opinion is sought; while the inclinations and aptitudes whose exercise does not involve a honorific expenditure of time or substance tend to fall into abeyance through disuse (LC, 86).

In an invidious culture, man, as a socially acquired character, must be disposed to seek as much wealth as possible and to express consumption that this wealth affords using signs of conspicuous waste. Such dispositions not only optimize the responses made by the critics and hence aid the attainment of the social esteem within the earning capacity of the individual, but also avoid the negative sanction of being outcast if expressed consumption deviates too much from the norm of the standard of living most agreeable to the class of his belonging. Thus, the expressive behavior based on

institutionalized dispositions is oriented to the norms of the relevant critics. All this implies that an invidious culture is made possible only by preferences turning into dispositions that are institutionalized, in that what man is disposed to do meets the criterion of being expedient to his goal and agreeable to the critics. At the same time, such culture must also be endowed with cultural symbolism that is shared across all social classes, so that the critics agree on what is appropriate and what is disagreeable. How do such dispositions emerge? The answer lies in the formation of habits of thought.

In Veblen's thought, habits of thought are an organic complex in conscious life, in which the economic interest is not isolated from all other interests. The canon of honorific waste traverses the canons of moral conduct, beauty, utility, ritualistic fitness, and even scientific sense of truth in the community. The institution of the sacredness of private property is no exception; it is traversed by the habit of accumulating wealth for its reputable value of conspicuous consumption (LC, p. 88-89). Likewise the popular sense of what is useful and beautiful and what is serviceable in consumable goods is influenced by the canons of reputability. This is how the beautiful and the honorific meet and blend. It is, therefore, no longer easy to separate the intrinsic beauty from the honorific service quality. The beauty of an object, under this blending, subsumes both features, its expensiveness and its beautiful features. Such is the case with many consumable articles such as dress and household furniture (LC, 95-97). The notion of beauty in this blended sense is not uniform among different classes. Just as classes are differentiated with their own norms of reputability, so are matters of taste allowing for diverse views on what is beautiful and honorific. But, the code of reputability of the class of one's belonging tells which objects are suitable for honorific consumption. In the language of behavioral economics today, where the consuming critic is located in the social status ladder defines a reference point from which emulation and avoidance takes place.

Long and close habituation makes the mind to unfold its apperceptive activity of perceiving beauty in certain directions. While the economic interest in the constitution of beauty of an object is focused on its efficiency in facilitating the material ends of life, the canons of beauty are circumvented to appreciate reputably wasteful expenditure as well as to satisfy our sense of useful and beautiful so as to turn such canons into the sense of novelty that perceives those things that combine ingenuity, pecuniary waste, and economic efficiency as novel (LC, 109-110). Veblen's evolutionary view of socio-cultural development thus draws on (a) the apperceptive activity of the mind, (b) long habituation of this activity in an invidious culture, and (c) formation of the sense of novelty through blending of the generic and the honorific beauty.

The serviceability of goods can no longer escape the impact of this sense. Because consumption is the most effective means for emulation in an invidious culture, consumable goods are now invested not only with the qualities to service the material ends of human life but also with the qualities that service the end of emulating social classes of higher statuses through demonstration of the ability to pay. The goods serving this end must show adequate marks of honorific waste beyond the brute efficiency. If consumers are habituated to look for the marks of honorific conspicuousness, producers of goods naturally direct their effort to meeting this demand. (LC, 112-113).

The effectiveness of goods as a means of emulation is no longer independent of a particular social context in which man makes his choices, for goods effective as such means under one culture are not as effective in another. Veblen is here breaking the conventional dichotomy between values/preferences and choice objects; how one values choice objects for their effectiveness as a means of invidious comparison is intimately bound to the social context in which such valuation is made, which is to say that preferences are convoluted with the facts of social and cultural styles of living to be emulated or avoided. One must see goods and know their features including how vogue they are across social classes before one can evaluate their serviceability and effectiveness as means of emulation.

The canon of taste for the honorific or the wasteful is so forcefully ingrained in the mind of the consumers that they make it their habit to look upon wasteful expensiveness as the measure of honorific decency and to degrade cheap things as dishonorable. So, any retrogression from the standard of living worthy in this respect is felt as a grievous violation of human dignity (LC, 112). But, the canon of taste for waste does not imply that the wasteful goods lack evidence of skillful workmanship or ingenuity; it is quite the contrary. Skillful workmanship or ingenuity is normally the ground on which to screen goods selectively for their honorific serviceability. In this sense, the canon of conspicuous waste works as a selective principle, rather than as a generative principle. Whenever innovative articles or methods are introduced, the canon of conspicuous waste serves to select such forms as are suitable as effective means of invidious comparison (LC, 118). Veblen is clear on this point:

> The position of machine products in the civilized scheme of consumption serves to point out the nature of the relation which subsists between the canon of conspicuous waste and the code of proprieties in consumption. Neither in matters of art and taste proper, nor as regards the current sense of the serviceability of goods, does this canon act as a principle of innovation or initiative. It does not go into the future as a creative principle which makes innovations and adds new items of consumption and new elements of costs. The principle in question is, in a certain sense, a negative rather than a positive law. It is a regulative rather than a creative principle. It very rarely initiates or originates any usage or custom directly. Its action is selective only. ... The law of conspicuous waste does not account for the origin of variations, but only for the persistence of such forms as are fit to survive under its dominance. It acts to conserve the fit, not to originate the acceptable. Its office is to prove all things and to hold fast that which is good for its purpose (LC, 118).

Veblen's thought that the canon of pecuniary waste is not a creative principle but rather a negative and regulative principle

follows from his position that it is from the instinct of workmanship (man's taste for productive work and distaste for futile effort) that man's sense of beauty, art, proper conduct, and the propriety of consumption emerges through habituation of the sense of beauty over the course of cultural evolution. The canon of conspicuous waste, therefore, is a product (or an emerged pattern of tastes) rather than a cause of innovations. But, as this passage implies, Veblen suggests that the instinct of workmanship is the source of the two principles of cultural evolution, one positive and creative as the principle of innovation and production and the other negative and regulative as the principle of selection or surveillance. In fact, as wealth is sought and accumulated, society bifurcates into two classes, upper and lower, that cultivates different virtues, the class at the top cultivating the virtues of consumption through development of refined codes of decorum and the lower ones cultivating the virtues of innovation and production through development of arts and sciences. But, these virtues are rooted in the common aptitude called the instinct of workmanship. Thus, as men of lower stations create new and refined goods, men of higher stations evaluate and screen them for their serviceability to the life of honorific reputability, which is to be emulated across all rungs of social status. What course the cultural evolution actually takes, therefore, depends on the intricate working of the two principles mediated by habits of thought. Veblen's theory in this respect is in close affinity with Adam Smith's theory, almost identical in structure.

Such is Veblen's theory of cultural evolution and the emergence of the leisure class and the cannon of conspicuous waste. Starting with the instinct of workmanship, Veblen argues how this instinct, initially working out in an emulative or invidious comparison between persons, (1) habituates our apperceptive activity to perceive beauty and our tastes for invidious comparison through succeeding phases of cultural development, (2) contributes to a hierarchical differentiation of social classes, (3) brings forth the institution of private property to honor accumulation of wealth as a basis of esteem,

(4) cultivates our sense of what is beautiful by blending the generic and the honorific beauty, thereby forming conjoined tastes for the brute efficiency and the honorific reputability, and (5) solidifies the canon of conspicuous waste as a selective principle that screens innovative goods and methods for the evidence of their honorific serviceability. Particularly important is Veblen's notion that through long habituation the canons of conspicuous waste traverse the canons of beauty to turn them into the sense of novelty which guides our discrimination of consuming articles for both ingenuity and pecuniary waste. It is a theory of the emergence, the evolution, and the institutionalization of the leisure class and the canon of conspicuous waste supporting it, but, more importantly, it is a dialectical theory of the instinct of workmanship and habituation setting in motion, under industrial growth, an evolutionary process of a cultural development, in which man's quest for invidious comparison and social esteem is just as important as the attainment of impartial well-being. It is also an evolutionary theory of the genesis of dispositions in the individual self, or a dynamic theory of the internalization of the norm of the canon of conspicuous waste into the motivational structure of the self through habituation. Veblen's theory brings to light that the conventional economic theory, whose premise is that preferences are given, is incomplete as an account of human behavior in a socio-cultural context in which the proclivity to gain in social status and esteem incessantly seeks and finds its new expression through access to novel routes to pecuniary reputability. Moreover, Veblen's theory provides an excellent example of the general proposition that the linkage between actions of individual persons under cultural influences and the emergence of cultural patterns cannot be understood fully without analyzing how tastes or the sense of beauty are shaped by cultural norms and how such norms are reproduced dynamically through voluntary actions of individuals.

In the eyes of Parsons' dynamic theorem of sociology (to be taken up shortly), one can think of Veblen's theory as an evolutionary theory of institutionalization of dispositions and

the resulting expressive behavior, in which industrial growth plays a critical role of turning out innovative goods and methods for invidious comparison. With the permeation of the invidious culture, the class at the top sets the standards to be emulated by the lower classes, with varying attitudes toward work and frugality. Once such standards are assimilated throughout society, different standards are created and set by the highest class again, thereby setting in motion an endless process of emulation and avoidance. In Parsons' terms, the common normative values in Veblen's theory are the values of status-seeking emulation for the purpose of invidious comparison and demonstration. In order for such values to acquire a motivational force, they must be introjected into the motivational structure of an individual; in this way, emulation becomes an ego-ideal, a fusion of one's desire and a moral force of being legitimated in the evaluative judgment of other people. It is this institutionalization of the normative value of emulation that brings forth an integration of a social system through a network of roles and statuses.

We next turn to Bourdieu, whose logic of practice and distinction is closely related to the theories of Adam Smith and Veblen. First, we review this logic, which will be followed by his theory of distinction and lifestyles.

4 Bourdieu's Logic of Practice: Habitus, Distinction, and the Formation of Lifestyles

In *Logic of Practice* (1990) (hereafter LP), Bourdieu proposes a theory of practice as practice, which has its position between two polar opposites: objective idealism (or what may be called positivist materialism) on the one pole, which essentially views the social relationships as objective relationships that can be obtained and ordered in the form of knowledge of the objective structure, and subjectivism, on the other pole, which consists in abstaining from any account of the social world from the viewpoint of objective necessity. Bourdieu insists that the objects of knowledge are not passively recorded but rather actively constructed under the principle of construction he named the habitus, which is a durable system of structured as well as structuring dispositions (LP, 52). Veblen turned to the habituation of the apperception of beauty and of tastes for invidious comparison in the formation of the canon of honorific waste and the sense of novelty, and Adam Smith also held that the habit and custom play an important role in shaping the sense for agreeable, appropriate, and beautiful things. In Bourdieu, the site at which man's activities unfold as habituated activities is now captured by the notion

of dispositions that structure the environing world with their own structure.

According to Bourdieu, building a theory of practice calls for returning to the very site, the habitus, where the dialectic of practice, "the dialectic of the *opus operantum* and the *modus operandi*" takes place (LP, 52). With this stance, Bourdieu defines the habitus as systems of durable and transposable dispositions that are predisposed to function as structuring structures for practices as well as for representations without any conscious effort at aiming them, and which can act as a system of cognitive and motivating structures in the constitution of the practical world as the world of a pre-realized or pre-conditioned ends and means, all borne of a particular set of conditions of existence. Habitus is, therefore, a familiar site inculcated by what the objective conditions hold in terms of the probabilities, impossibilities, freedoms, necessities, opportunities, and prohibitions. It is a virtue created by internalizing the external conditions, hence becomes the source of the principle of the continuity and regularity in the social world. (LP, 53-54). Bourdieu is, therefore, critical of the dichotomy on which the neoclassical economics is based, namely, the separation between external constraining conditions and the preferences that are internally born. For him, this principle of continuity and regularity must find its source ultimately in the habitus-dispositions, a systematic site which mirrors the external conditions of existence.

The habitus is not limited to the logic of practice on the plane of everyday choices. It also works as the generative source of thinking, perceiving, and acting in particular social and historical conditions of its production. Thus, the habitus is an embodied, internalized, but forgotten history of past practices, a spontaneity in the unconscious, which forgets history while its objective structures leave their imprints in the quasi-natures of habitus. It is spontaneity without consciousness or will (LP, 56). Bourdieu states this in strong terms:

> Thus the dualistic vision that recognizes only the self-transparent act of consciousness or the externally determined thing has to give to the real logic of action,

> which brings together two objectifications of history, objectification in bodies and objectification in institutions or, which amounts to the same things, two states of capital, objectified and incorporated, through which a distance is set up from necessity and its urgencies. This logic is seen in paradigmatic form in the dialectic of expressive dispositions and instituted means of expression (morphological, syntactic and lexical instruments, literary genres, etc.) which is observed in the intentionless investion of regulated improvisation (LP, 56-57).

Thus, habitus is of critical important to the working of an institution including an economy, which requires that it be durably objectified in the logic as well as in bodies so as to recognize and comply with the demands placed on practices voluntarily (LP, 57-58).

The habitus is also a source of a common-sense world through formation of consensus on the meaning of practices and the world. Practices within the habitus, therefore, are objectively harmonized and mutually adjusted without any conscious reference to a norm or explicit coordination. Similar conditions of existence produce homogenous class habitus, which harmonizes practices with little conscious coordination (LP, 58-59). On collective action, however, Bourdieu warns against conceiving such action by drawing an analogy with individual action of its own autonomous logic of mobilization. The relationship between class habitus and individual habitus is distinguished by separating the non-individualized (identical, impersonal, and interchangeable) part of internalized subjective structures from the singularity of the trajectories of individual dispositions, and this relationship is characterized as one of homology (diversity within homogeneity) in which the systems of dispositions of individuals who belong to the same class are viewed as structural variants to one another (LP, 60). This distinction becomes important when the society is divided into different social classes whose members share similar dispositions for liking and disliking as well as for doing and not doing *vis–à–vis* an environing world of their own construction.

How stable is habitus then? Individual dispositions owe their singularity to the sequence of irreducible past experiences, and such dispositions are subjected to the dialectic between the constancy and stability as new experiences are sought, which necessarily brings new information that threatens its stability. Nonetheless, if this dialectic is dominated by earlier and accumulated experiences, the defense mechanism may reject information that threatens the stability and avoids further exposure to such information. But, for this mechanism to work, habitus needs information to tell which information is to be avoided for its stability. If the class distinctions or the life-styles of different classes are defined by privation relative to what other classes have, it inevitably follows that the habitus belonging to a given class must be aware of what it does not have, which implies that the class must possess information that could threaten its constancy. As Bourdieu focuses on the self-fulfilling nature of the habitus, the problem of this paradox about the unchosen principle of all choices is solved by saying that the avoidance strategies or, more fundamentally, the underlying schemes of perception are an unwilling non-conscious product borne by the conditions of existence. But, to the extent any class consciousness must be aware how the class of one's belonging differs from other classes, Bourdieu's habitus begs a difficult question as to how information from various sources is assessed in the mind of an individual. In comparison, in Veblen and Adam Smith, class divisions and class consciousness, which are a product of cultural evolution, are the conditions of invidious comparison, whether for the purpose of winning the applaud of others or for the purpose of emulating higher classes under the canon of conspicuous waste. In this respect, Bourdieu's theory of habitus could be viewed as the 'closing' principle that generates classes and their symbolic distinctions, rather than the 'opening' principle that extends the socio-economic order through innovative activities of mankind (LP, 60-61).

The self-fulfilling nature of habitus is emphasized still more by denying that the strategies of agents endowed with a habitus

are oriented to their own consequences because they are themselves determined by the outcome of interchangeable past practices coinciding with their own under a structure homologous to the objective one. Bourdieu is, therefore, critical of the teleological description of rational agents interacting under perfect information of each other's preferences and competencies and of any description of the reactions of interacting agents as mechanistic responses. According to him, the objectively organized strategies or practices that one employs are not the product of genuine strategic intention that scans the space for all possible moves; they are rather the product of the habitus, a particular durable relationship among the possible things between dispositions and the objective conditions. The fact that such strategies have the appearance of being determined by anticipation of their consequences owes decisively to the fact that they are part of the practices that are preadapted to the objective conditions in which they are used so that the past is always present in them. When this adaption is perfect, it gives "the most complete illusion of finality," or "self-regulating mechanism" (LP, 61-62).

Bourdieu relates the practices borne of habitus to Max Weber's distinction (1922, 1968) between a pure model of rational action under complete knowledge of circumstances and intentions and an anthropological description of practices for the reason that practices depend on specific chances that are appropriated by capital that an actor possesses. As Weber holds that the pure model of rational action cannot be regarded as an anthropological description of practice because real agents seldom possess the complete information and the skill to appreciate it, Bourdieu takes a similar stand by holding that practices depend not on the average chances of profit, which is an abstract and unreal notion, but on the specific chances that a singular agent or a class of agents possesses by virtue of its capital as a means of appropriation of the chances theoretically available to all. Thus, Bourdieu is critical of economic theory which acknowledges only the rational responses of a universal agent to potential opportunities expressed in average chances, for the reason that such a practice converts the immanent law

of the economy into the norm of proper behavior. He emphasizes that the rational habitus or rational dispositions themselves can only be acquired under certain social conditions as a product of particular economic conditions defined by economic and cultural capital. The art of estimation, anticipation, or risk taking on the possible against the probable is made possible by the dispositions acquired in social conditions (LP, 63-64). Bourdieu's criticism and Weber's distinction are important when we try to make sense out of choices made by agents who are subject to all sorts of limiting conditions consciously or unconsciously. But, if the notion of rationality is lifted from the stringent requirements that Weber had in mind, it can be turned into a more formal concept relating only to the fact that one chooses what one prefers most or is predisposed to like most from any feasible set of alternatives whether preferences are determined by habitus or idiosyncratic. In this paper, we will attempt to formalize this abstract notion of rationality to show that human choice behavior can be characterized as rational behavior that selects the best choice from any set of alternatives, however this set may be constrained and whatever profits are sought by this selection, idiosyncratic utility or symbolic profits with respect to cultural symbolism.

Furthermore, on the pre-emptive rights on the future, Bourdieu holds that such rights cannot be appropriated without the projection of the power relations that are present; according to him, they are the power relations of the present projected into the future through appropriate chances, from which dispositions at the present are governed. This is how Bourdieu sees the teleology of human actions under habitus. What he sees is the relationship between the habitus and the state of the chances offered in the social world, which is dictated by a relation to power. In this sense, habitus is 'the principle of a selective perception of the indices' for confirmation and reinforcement of itself; it, therefore, makes itself an accomplice by reading in the future what is probable in its social space and thereby brings about what it can effectively anticipate. In Bourdieu's view, the habitus is not a

creative principle that transforms itself by going beyond the probable since it is already restrained by its social conditions, but rather a self-fulfilling or self-confirming principle that mediates the relationship between the habitus (with its temporal structure and disposition) and what the social world holds objectively, while the patterns of responses are preadapted to the objective conditions that are homologous to the already familiar conditions of its production. It serves, therefore, as a selective principle that confirms and reinforces its effective demand, not as a creative principle (LP, 64-65).

In *Distinction* (1984) (hereafter D), Bourdieu turns to the implications of the logic of practice for distinction and life-styles. He first affirms the legitimacy of an institutional approach to sociological investigations of the social space, by asserting that the question of what the social space is should be raised within this space itself. This social space is then structured by a generative principle called the habitus, whose systematicity and transportability is assured by the fact that it is both a structuring structure (*modus operandi*) and a structured structure (*opus operatum*), and that the internalization of the habitus in the mind of agents becomes the source of life-styles supported by a distribution of symbolic capital and power in the social space. Thus, Bourdieu's notion of habitus contains, in a complementary manner, both the meaning-giving acts of agents living in it and a coherent complex of the products of such acts. In the language of Bourdieu's theory, Veblen's habituated mind that sees the environing world in a certain way can be thought of as a structuring structure, and his notion of habituated canons of invidious pecuniary comparison (his selective principle that has resulted from the instinct of workmanship through a long history of habituation and evolution, and which operates on the space of the symbolic products that meet the tastes for invidious comparison) can be regarded as a structured structure. Likewise, Adam Smith's notion of the mind that is habituated to see the environing system as a harmonious movement and to act on the moral sentiments for approbation and disapprobation can be thought of as a structuring

structure, and the space of those differentiated articles, both of ordinary usage and of those of elegant contrivances, that satisfy our quest for approbation, can be thought of as a structured structure. Adam Smith's human folly of toiling for more wealth and better contrivances resonates with Bourdieu's notion that the experiences in the social world belong to a misrecognized order of this world.

The habitus then becomes the source of life-styles for agents therein, by engendering systematic configurations of properties that are differentiated by differential deviations. But, the life-styles as the products of the habitus are recognition of an order only in the mind; they are, therefore, socially qualified sign systems, not an objective truth. This is an important point as it rejects any notion of the spontaneous generation of class consciousness. For Bourdieu, the dialectic between the conditions of existence and habitus takes place through life-styles and a distribution of symbolic capital in the plane of perceived differences established in the mind of agents, while the practices and products of agents of the same class preserve the objectivity of the habitus without any conscious effort at orchestration (D, 172-173).

If the mind of agents is structured by habitus and if life-styles are the products structured by the habitus, what preserves the two in their structuring-structured relationships, or what mediates such relationships? The answer lies in the taste for life-styles. Bourdieu explains how taste serves as the generative formula of life-styles and why taste is so pervasive in the social space. In his view, taste is an operator of mapping from the universe of objects more or less continuously distributed to the universe of symbolic expressions of life-style, that is, from an order of physical bodies to an order of symbolic distinctions. Taste in this sense reflects the *opus operatum* of the habitus. It is, moreover, an operator of mapping from the universe of objectively classified practices into the universe of classifying practices of symbolic expression. Taste in the latter sense mediates the *modus operandi* of the habitus as a systematic expression of the condition of existence which constitutes a life-style (D, 174-175). This is Bourdieu's way of

characterizing taste. Taste as an operator and as a product also constitutes an essential part of Adam Smith's and Veblen's view of socio-economic evolution.

He then holds that this system of a life-style, the product of internalization of the structure of social space, is the transformer of the necessity into the virtue of making appropriate choices that constitute it. For Bourdieu, therefore, preferences of an agent do not exist independently of the conditions of his or her existence. Choices and the regularities within the limits of economic feasibility are transformed into self-fulfilling preferences. This view of the non-mechanical relationship between the necessity and the virtue of the choices induced is central to his position that the social space is reproduced from within itself through the medium of life-styles and tastes (D, 175).

Bourdieu also claims that the generative schemes of the habitus applies universally across all dissimilar practices and goods of different classes, because the principles of oppositions and correlations constituting different systems of life-styles are homologous to one another. The extensiveness of this homology derives from the fact that such systems are homologous in structure to the objective oppositions between class conditions. He then shows how the two principles or axes, economic capital and cultural capital, organize the universe of life-styles and govern the space of cultural consumption. That is, the dispositions and induced practices of different classes are differentiated by the opposition dictated by the extent to which economic and cultural capital are appropriated; the rich have both capital and the poor lack both. This two-way organization of the social space by the composition of economic and cultural capital brings to focus the differences in tastes of those who belong to the same income bracket but differ in the cultural capital they possess. Economic variables, therefore, are necessary, because they measure the distance from or the proximity to the necessity and the degree of freedom from the material constraint, but not sufficient to account for the human proclivities which look for symbolic profits of cultural consumption (D, 175-177). And, the taste of

necessity forms the basis of a life-style only by the relationship of privation *vis–à–vis* other life-styles. In this sense, a life-style as a classificatory system can be as such only if it is defined by what it lacks, not by what it has (D, 178-179).

Thus, Bourdieu characterizes (1) taste as a certain acquired disposition and a practical mastery of certain distributions, (2) the schemes of the habitus as the primary source of classificatory schemes working below the level of consciousness and language, and (3) the social agents as producers of both classifiable acts and acts of classification which are themselves classified. Knowledge of the social world has to take into account a practical knowledge of this world which preexists and which it must not fail to include in its object, although this knowledge has to be constituted against the partial and interested representations provided by practical knowledge (D, 466-467). Bourdieu reiterates that the knowledge of the social world is an act of construction through a system of internalized embodied schemes or social structures based on the principles of division common to all agents, and that such divisions are revealed in the network of common place oppositions that find their source in the opposition between the dominant and the dominated. In his view, the social order of the opposition and divisions becomes inscribed as principles in people's minds in constituting the image of the social world through the differentiated and differentiating conditionings that are associated with the conditions of existence (D, 471). What is important about such conditionings is that experiencing objective limits gives rise to a sense of limits or exclusion in the mind of people from what is beyond their appropriation. There is thus a correspondence between the real world (social structures of real divisions) and the thought world (the mental structures of the practical principles of division), and, in consequence, the relations of order that run through them inseparably are accepted as self-evident structures of the social world and become embodied in people's schemes of cognition (miscognition). This is the origin of the logical conformity (Durkheim, 1915, p.17). It is this conformity that "makes it possible to act as if one knew the structure of the

social world, one's place within it and the distances that need to be kept" (D, 472).

This logical conformity and the conservation of the social order need to be scrutinized carefully in the light of the Husserlian distinction between the static and genetic phenomenology, particularly with respect to whether the social world, constructed in the mind of people, is finitely closed or infinitely open. If the construction of the social world is a mental phenomenon that fulfills itself through a synthesis of single and particular forms of intentional mental process, it gives rise to a higher level consciousness that sees this construction just as another construction and leaves a gap to be filled by a dynamic or genetic phenomenology in which "I" as the subject transcends itself (Husserl, 1927). Bourdieu focuses on the logic of practice of the habitus, with more emphasis on the static than dynamic aspect (although the notion of life-styles as privation indicates otherwise), while Veblen and Adam Smith start with certain principles, the instinct of workmanship or the moral sentiments of approbation, that drives the evolution of the socio-economic order; hence, their theories are more focused on the dynamic generation and extension of this order.

We next turn to Parsons' theory of social actions and social systems, which identifies all essential elements required for a collection of individual agents to be integrated as a social system. After this reviewing, we will place the theories of Adam Smith, Veblen, and Bourdieu in perspective in relation to one another, using Parsons's theory as a reference framework.

5 Parsons' Vision of Social Actions and Social Systems as an Integrated System

In *The Social Systems* (SS hereafter), Parsons addresses the fundamental question of how actions of individuals as an action system and society as a social system become integrated as a personality-culture relationship that constitutes a stable order. According to Parsons, an action system of individual agents is an integrated system of motivational and cultural elements, and a social system is a structure of roles and statuses that functionally integrates social actions of individual agents. If the problem of the double contingency of actions of ego and alter is unavoidable, it follows that complementary expectations of their actions are required in integrating social actions of individuals and sustaining social order. Such expectations are possible only if the need for order is met in two dimensions, one in the dimension of symbolic systems that make communication possible and the other in the dimension of the mutuality of motivational orientation to the normative aspect of expectations in order to avoid the Hobbesian disorder. Order in the latter dimension is possible only if two further conditions are met; (1) individuals are oriented to common normative cultural standards under appropriate

sanctions, and (2) actor's motivation is integrated with such standards at the level of the personality. This integration is made possible only if common normative values are internalized into the motivational structure of individual actors, and, in addition, only if this internalization is mediated by the socially learned sentiments or value-attitudes, which constitute the need-disposition of the personality. When conformity to a value-orientation standard fulfills the need-disposition of an actor and optimizes the reactions of other actors, the normative standards are said to be institutionalized.

With this institutionalization, the conformity-deviation dimension of an actor acquires the gratification-deprivation dimension. The conformity to role-expectations becomes an ego-ideal for an actor, with the moral responsibilities that it entails. The core dynamics of social systems consists in integrating common normative values with the internalized need-disposition of the constituent personalities. Hence, the fundamental dynamic theorem of sociology concerns how the degree of this integration affects the stability of a social system. For Parsons, this theorem is the point of reference for all dynamic analyses of social process (SS, 42). With this characterization of social systems and social actions, the phenomena of institutionalized common normative values and institutionalized behavior become the central concern of sociology, which explores schemes that go beyond rational instrumental goal-orientation. Parsons says:

> This integration of a set of common value patterns with the internalized need-disposition structure of the constituent personalities is the core phenomenon of the dynamics of social systems. That the stability of any social system except the most evanescent interaction process is dependent on a degree of such integration may be said to be the fundamental dynamic theorem of sociology. It is the major point of reference for all analysis which may claim to be a dynamic analysis of social process.
>
> It is the significance of institutional integration in this sense which lies at the basis of the place of specifically sociological theory in the sciences of action and the reasons why economic theory and other

> versions of the conceptual schemes which give predominance to rational instrumental goal-orientation cannot provide an adequate model for the dynamic analysis of the social system in general terms. (SS, 42)
>
> . . . . . .
>
> The theory of institutional behavior, which is essentially sociological theory, is precisely of the highest significance in social science because by setting the problems of social dynamics in a context of institutional structure and drawing the implications of the theorem of institutional integration which has just been stated, this theory is enabled to exploit and extend the knowledge of modern psychology about the non- and irrational aspects of motivation in order to analyze social processes. It follows also that any conceptual scheme which utilizes only the motivational elements of rational instrumental goal-orientation can be an adequate theory only of certain relatively specialized processes within the framework of an institutionally structured social system. (SS, 43)

Thus, Parsons' view of society and individual actions is one of integration, between norms on the one hand and the internalized need-dispositions of individuals on the other. Because social and cultural values are introjected into the personality of actors as need-dispositions, the conformity-deviation tends to coincide with the gratification-deprivation, thereby making it possible for both society and individual actions to be integrated. That is, social and cultural values are reflected in the mirror image of need-dispositions of individuals with the conformity-deviation constantly correcting this image through gratification-deprivation. For institutionalized action there is no dichotomy between preferences/values of individuals and the social system in which their actions take place. Thus, this intimacy between social and cultural values and need-dispositions (or preferences/values) of individuals marks, for Parsons, a complete departure from economics whose fundamental methodology is founded on rational instrumental goal-orientation.

With this paradigm of institutionalization comes one of the central questions that Parsons addressed, which concerns a mechanism through which a commonly shared system of symbols can be integrated into the personality structure of the actor. Parsons held that the action systems of individual actors has three foci of integration: (1) the individual actor, (2) the interactive system, and (3) a system of cultural patterning. For this integration, the psychoanalytic structure of the personality and the social system have to be integrated, which implies that sociological analysis of social systems and psychoanalysis of the personality have to converge around some unifying conceptual scheme that binds the personality structure with the social system. Parsons (1952) developed one of such schemes through his critique of Durkheim's insight on the internalization of moral values and the limitation of Freud's notion of superego. Freud's superego is a psychological instrument by which moral values of society are introjected into the personality structure. It is a mechanism by which the regulative or the moral aspect of a common culture is transmitted to the personality structure so that it contributes to the maintenance of the stability of a social system under a generalized system of symbols. On the other hand, in Durkheim's view (1893), society is a symbolic system of moral norms that guide behavior of individual actors, in which such norms function as the regulator of social behavior through creation of moral authority and moral values, so that society binds itself not by external coercion but by internalization of moral norms. If internalized moral values are what sustains society over time, and if Freud's superego is a mechanism by which moral norms or values are internalized into the personality structure of constituent members of society, society has in its hand a mechanism of self-sustaining. In this respect, Freud's postulation of superego and Durkheim's view of society as a coherent whole united by the presence of moral norms converge on one point that there is a personality-mediated mechanism to internalize moral values that contributes crucially to the creation and the sustenance of society without external coercion.[4]

Because society is a system of interacting individuals with cognitive, cathectic, and evaluative orientations, and because culture is a system of generalized symbols and their meanings (containing the cognitive reference system, the system of expressive symbolism, and the system of moral standards) that mediate the cognitive, emotional, and evaluative components of this interaction, Parsons holds that the superego, as the moral regulator of emotional reactions against actions of others, cannot be isolated from how society is organized in these three aspects. Under this view, Freud's notion of the superego suggests that internalization of the crucial characteristics of society into the personality structure takes place on a much wider scale; that is, what is morally restraining must be learned through social interaction guided by a cultural symbolism. In order for this symbolism to be internalized into the personal structure, the individual needs to achieve an affective organization of a high order by building up emotional attachments to other persons and developing the sensitivity to their attitudes through social interactions. Such an emotional organization is made possible only through acquisition of a cultural symbolism.

Thus, Parsons replaces Freud's id-superego-ego structure with a more integrated one. Freud's structure is based on the dichotomy of the external reality to which the person tries to adapt, first with the id being the source of incessant impulses and instincts, second with the ego having many defense mechanisms, and third with the superego being the moral and punitive regulator. There, the superego is viewed to internalize the moral values of society into the personality structure. Parsons, on the other hand, holds that all three components of culture (the cognitive, cathectic, and evaluative components) are internalized into the ego structure of the individual actor. Freud's impulse-repression model with ego-functions having defense mechanisms is replaced by Parsons with a model of a socialized actor whose values and need-dispositions are a result of socialization under a system of cultural symbols in all three dimensions: cognition, cathexis, and evaluation. Once the individual actor becomes socialized to such an extent, the

personal structure and the cultural environment cannot be separated from each other. The culture consists of (1) cognitive reference system, (2) expressive-affective symbolism, and (3) common moral standards. The symbolic elements of these are then internalized into the personality of the actor, whose ego has, internalized into it, (1) self-object images, (2) superego, and (3) symbolically organized affect. Between individual actors, there are then (1) mutual cognitive orientation and evaluative appraisal, based on internalized self-object images, and (2) mutual cathexis and evaluative appraisal, based on symbolically organized affect. With such internalization of culture, the individual actor's motivations/need-dispositions become integrated with it. This is Parsons' socialized conception of man and of the society-personality relationship expounded in Parsons (1952). It is a conception of *homo socius* as institutionalized man, in which internalization of the symbolic elements of culture in the personality structure takes place on a scale wider than what was imagined by Freud.

Parsons' theory of institutionalization explains why it is not legitimate to hold a dichotomous view that splits the motivational structure of an individual actor and the socio-cultural elements. Interacting actors have cognitive, cathectic, and evaluative orientations. Just as anything expressed verbally is mediated by a shared language (an expressive symbolism with its logic, which is socially acquired), an action in a social system is an expression in reference to: some cognitive system (which includes knowledge and reasoning we share), some shared expressive-affective symbolism (which confers symbolic meanings), and a set of common moral and evaluative standards (along with positive sanctions for conformity and negative sanctions for deviation). For this reason, an action in a social system becomes interpretable in a socially meaningful way. Consumption as an act is no exception. It is an act of expressing one's need-disposition in reference to: (1) a shared expressive symbolism (which makes it possible to send a symbolic message to other spectators, therefore becomes the source of symbolic profits), (2) the cognitive knowledge we share about choice objects, and (3) common moral and

evaluative standards (which legitimate and screen what we consume in the light of what is socially acceptable or valuable as a means of social status emulation along with symbolic profits it entails). Consumption, therefore, brings about a harmony between the dimensions of conformity-deviation and gratification-deprivation. Thus, in a broader picture of culture, a system of preferences of each individual consumer is a convoluted preference-value system, convoluted in the sense that it cannot be determined independently of the facts of the social space, valued in the sense that it absorbs the essential elements of culture in orienting itself.

Parsons' theory of socialization and institutionalization provides an excellent framework in which to place the theories of Adam Smith, Veblen, and Bourdieu in perspective, in relation to one another. We now turn to the generative principles of these theories from the Parsonian perspective, that account for the way our society/economy produces its order as an institutionalized system.

6 Adam Smith, Veblen, and Bourdieu in Relation to One Another from the Parsonian Perspective

Apart from many of the criticisms against the over-socialized view of man (e.g., Wrong, 1961), Parsons' theory provides a useful theoretical framework by which to place human actions (including human behavior) in a social system in perspective. Parsons views an individual actor as an integrated structure of motivational and cultural elements, and a whole culture as comprised of three systems: belief systems, systems of expressive symbolism, and systems of evaluative standards, the last of which, constituting a system of values, is integrated into an action system and serves as selective criteria for screening actions. In a social system, cultural value patterns (common normative values) are internalized into the motivational structure of an individual actor along with positive sanctions for conformity thereto and negative sanctions for deviation there from. This internalization is mediated by value-attitudes or sentiments which become the need-dispositions of the personality. In this way, the ego-ideal (what one desires to accomplish) becomes integrated with the superego (the moral responsibilities), along with the sense of self-respect, adequacy, and security. Thus, for Parsons, this

integration of common value patterns with the need-dispositions of individuals through internalization is essential to social systems, and the stability of such systems depends crucially on the extent of this integration.

In Veblen's theory, the instinct of workmanship, through succeeding phases of cultural evolution, constantly shapes and motivates our desire for invidious comparison, whether through an emulative demonstration of force in the primitive phase, or through acquisition by war and seizure in the predatory phase, or through accumulation of wealth in the quasi-peaceable phase. Out of these phases emerges the life of leisure as the most definitive evidence of pecuniary achievement and reputability, with exemption from productive work taking over accumulation of wealth as a measure of social standing. The leisure class brings with it refined codes of decorum on all walks of life and other vicarious means for the demonstration of the life of leisure. Conspicuous leisure and conspicuous consumption thus become social norms for members of the leisure class. The leisure class also brings with it a hierarchical differentiation of social classes, where lower classes emulate, as an ideal, the norms set by the leisure class at the top. The canon of conspicuous waste for invidious comparison traverses the aesthetic sense of what is useful and beautiful and cultivate our tastes for novelty by blending the beautiful and the honorific in the apperceptive activities of the mind. Such tastes tend to admire those goods that combine beauty, workmanship, and honorific reputability, thereby serving as a selective principle that screens goods according to such combined effects. This selective principle is a derived principle from the instinct of workmanship (which is an acquired aptitude to prefer what is effective and avoid the futile) through habituation of our tastes. The derived desire for noble goods motivates producers to turn out innovative goods. The instinct of workmanship serves as a generative principle of such innovations through the virtues of production and innovation cultivated by people of the lower classes. Thus, the two principles are set in motion in tandem, one generative (of innovation) and the other selective (of consumption). These

two principles interact in determining the course of cultural evolution. Veblen's theory is a theory that explains why and how the society bifurcates into the upper and lower classes which cultivate the virtues of consumption and innovation separately, yet complement each other through creation of an invidious culture that requires production of refined goods that are acquired by the class at the top to set a standard to be emulated by the lower classes.

Indeed, Veblen's invidious culture has its own organization of (1) a cognitive reference system, (2) a system of expressive-affective symbolism, and (3) a system of moral standards. Expressive-affective symbolism permeates the entire society with signs of achievement and success as represented by consumption of the leisure class that adheres to refined codes of decorum. It has its way of cognizing and screening objects, in reference to the goal of upper status identification, as well as a system of moral standards pertaining to the institutions that protect the ownership of property and wealth as well as the rules of conduct that are consistent with virtues of production and consumption. The esthetic sense of nobility pervades the entire spectrum of human activities in this culture, and moral standards are no exception. There is a shared belief that the life of leisure is honorable, noble, and reputable, hence is something to be emulated, and that demonstration of success by emulating it (using right signs) is accepted as such by others. Emulation, therefore, collects a moral force of an ego-ideal. Thus, individual agents' orientations (in believing and cognizing objects, in seeking what is pleasing, and in knowing how to evaluate objects as well as acts) are met by this culture. Veblen's invidious culture is indeed a system composed of systems of cognition and beliefs, expressive symbolism, and moral standards.

Order of society of such culture is sustained on two premises: (1) individuals are oriented toward the common normative standard of emulating consumption and codes of decorum of higher statuses, and (2) individuals' motivation is integrated with this standard. Agents living under the culture acquire, socially, certain sentiments or value-attitudes that

favor invidious comparison. Such sentiments constitute the need-dispositions of individual agents. That is, in an invidious culture, it is a need for individuals to acquire positive sentiments toward emulation. Thus, acting in conformity to such emulation is not only pleasing to the sentiments, but also optimizes the reactions of others since they share similar sentiments and a similar standard of emulation. Thus, the normative value of emulation is institutionalized in an invidious culture, and, as such, drives the social evolution.

Like Veblen's, Adam Smith's theory has two complementary elements, man's appreciation of workmanship in refined articles on the one hand and our moral sentiments of approbation and disapprobation, which dispose men to desire refined articles for the sake of getting applaud from the spectator, on the other. Such sentiments are habituated to admire the rich and despise the poor, and they constitute our desire to emulate the rich by acquiring those articles enjoyed by the wealthy. Because these sentiments are universal, superior stations of life set the standard of consumption to be emulated by men of lower stations of life. Custom and fashion of different ages and nations, by habituating the judgments of beauty (the apperceptive activity of beauty in Veblen), affect the moral sentiments of approbation and disapprobation, but their influences are limited to the propriety and impropriety of particular usages of such sentiments (particular passions and particular rules of decorum), never to their general character. Our moral character is compromised, but our moral sentiments never wane.

In Parsons' terms, the cultural (moral) values of emulating the rich and avoiding the poor are internalized into the motivational structure of the personality, and this internalized dispositions share the moral sentiments of approbation toward the rich and of disapprobation toward the poor as well as the moral ideal of seeking wealth. It may be said that the moral approbation-disapprobation dimension of an individual coincides with the favorable-unfavorable or the gratification-depravation dimension in Parsons' language. For Adam Smith, this is all part of a deception that constantly renews the

industry and ambition of mankind. A society with such moral sentiments has a conjoined force of innovation and emulation that mediates economic growth and expansion of employment through class differentiation and division of labor. In this sense, the theory of Adam Smith is a theory of reinforcing dynamics of (1) man's ability to appreciate workmanship and (2) the moral sentiments of approbation and disapprobation, which turns the society into an invidious culture in which acquisition and demonstration of refined articles of the upper stations of life is believed to be applauded by the spectator. Again, individual agents' orientations (how to cognize and what to believe, where to place emotional energy, and how to evaluate anything) are met by the cognitive-belief system, the evaluative system, and the moral standards that emerge spontaneously as a norm. These systems and standards are not the givens, but rather they emerge through cultural evolution. Of course, this is also true with Veblen.

Adam Smith's concern is focused on how a socio-economic system becomes organized as an order that keeps expanding with all aspects of human existence integrated. Tastes and aesthetic sense of beauty, nobility, and propriety, dispositions, judgments, virtues of production and innovation, arts and sciences, man's ambition and industry, organization of industry and employment, moral conducts, and any other aspect do not go their own way as disconnected things. They are different expressions or aspects of a grand harmonious order based on two principles; (1) moral sentiments for approbation, and (2) moral faculties. The latter is necessary to keep society from crumbling into nothing. Observance of the general rules of morality is supported by the strongest motives of self-interest, which includes both self-regarding and other-regarding. In fact, one without the other is destructive of its foundation (MS, 241). Thus, Adam Smith argues that our natural power of perception, our moral faculties, and our strongest motives of self-interest will, through experience, be able to grasp moral rules by which to guide our conduct in whatever circumstances we find ourselves, and that these rules keep the human existence in harmony with the entire system.

Individual agents, through their spontaneous activities and interaction, develop knowledge, learn to use good judgments in evaluating things, and form moral standards. What comes out of this interaction constitutes the essential components of society as a system. But, a grand order is a deception, not an objective order, created out of our own sentiments to be regarded well by others and the habituation of what we perceive as good and beautiful. Both Adam Smith and Veblen point to the dynamic evolution of a social system perpetuated by the generative principle, whether this principle is the workmanship or moral sentiments, and what comes to pass through this evolution is a product of the apperceptive activities of mankind mediated by habituation.

Bourdieu shares much with Adam Smith and Veblen. Bourdieu's fundamental question focuses on how the social space is constructed actively in the mind of individuals, with all its differentiation captured from otherwise undifferentiated continuity and uniformity, and attempts to answer this question, not by an intellectual operation of a third person, but from within the space itself. Bourdieu's notion of habitus is, therefore, the self-fulfilling or self-generating principle, and is defined both as a structuring structure and a structured structure. It is the necessity of one's position in the social space turned into a systematic and transposable disposition that generates practices and perceptions that are socially meaningful. The social space is then filled with life-styles as socially qualified sign systems based on a distribution of symbolic capital and power, all in the mind of the constituent individuals. This habitus is then preserved by tastes, which are a coherent set of preferences in the logic of sign systems, or, more generally, an operator of mapping from the space of neutral objects or physical bodies into the space of symbolic distinctions. It is such tastes that turn the necessity of one's existence in the social space into the virtue of making choices. In a social space, economic and cultural capital are appropriated to different degrees in different classes. Such capital determines the distance and the proximity of life-styles, and the rich and the poor develop the tastes of luxury and

necessity, respectively. Habitus, through such bifurcation based on economic and cultural capital, reproduces the social space from within, and structures the mind with the logic of socially meaningful symbolic distinctions and practices. In Parsons' language, the habitus is the need-disposition which internalizes normative values or a logic of sign systems appropriate to a social class that one belongs, which is sustained by turning the economic necessity into the virtue of making appropriate choices. While Parsons identifies the institutionalization of common normative values as a necessary condition of a stable social system, Bourdieu identifies the habitus as the generative principle of this system, not as an objective operation but as a creative operation that turns the external into a durable disposition that constructs a meaningful social space from within. It is also a creative operation by which the institution of the economy becomes fully viable, although the way the economy works out its order is not brought to light fully in his theory.

In the language of Bourdieu's theory, the expression of Veblen's instinct of workmanship (his primary generative principle) as a positive principle of innovation and production and the habituated tastes for invidious comparison as a selective principle of consumption can be thought of as being both a structuring structure (that carries within it appropriate motivation and a system of symbolic signs) and a structured structure (with cultivated virtues and logic of practice and distinction). Likewise, Adam Smith's notion of the dispositions guided by tastes for the reputability can be interpreted in a similar way. And, the symbolic space of those differentiated articles (of elegant contrivance and of ordinary usage) can be thought of as a structured structure that makes cultural consumption possible. Adam Smith's human folly of toiling for more wealth and better contrivances resonates with Bourdieu's notion that the experiences in the social world belong to a misrecognized order of this world, not an intellectual operation. The close affinities that run through Adam Smith, Veblen, and Bourdieu are not surprising as their views are based on the same concept of habitus meaning habit.

While Parsons' view of human action in a social system emphasizes the integration of cultural value patterns and the motivational structure of individual actors, a society would lose its cohesiveness as an organization of differentiated roles and statuses unless the majority of its constituent personalities share certain common value attitudes or sentiments. Institutionalization of common normative values and internalization of such values into the motivational structure of individual agents does not imply an over-socialization of man as often criticized. Parsons says that the stability of any social system depends on the degree to which common normative values are integrated into the need-dispositions of its constituent personalities, and that the conceptual schemes of rational instrumental goal-orientation, common in economics, are not adequate for dynamic analysis of social systems and social processes. We think that Parsons' dynamic theorem of sociology gives a useful conceptual scheme by which to analyze the evolutionary theories of Thorstein Veblen, Adam Smith, and Bourdieu, all of which address what is institutionalized and how this institutionalization influences the motivational structure of individual personalities.

Our review has made it sufficiently clear that all essential ingredients necessary for social actions and social systems that Parsons analyzed can be identified in the theories of Adam Smith, Veblen, and Bourdieu. These theories agree on these points: (1) Society as an order is not an objective reality, but rather a product of mind. (2) Man is disposed to like certain things and to act in certain ways because his dispositions reflect cultural values and norms as well as are inculcated by the objective conditions of his existence (what is feasible, probable, impossible, or necessary). (3) Man's behavior, as grounded in social space (which is a world created by the mind, not an objective reality) is expressive *vis-à-vis* a cultural symbolism (which is also the product of creation by the mind) as it seeks symbolic profits given economic and cultural capital.

Our inquiry into the institutionalized dispositions will not be complete until an entity we call 'social want' is defined and given a specific treatment. All of the theories that have been

reviewed make it clear that social want is not something that can be taken for granted as if it were given *a priori*, precisely because it cannot be defined unless the agent is embedded in a particular culture endowed with a particular cultural symbolism. Furthermore, since social want is the sense of privation felt by the dispositions of the agent, it itself is a product of evolution, through which certain dispositions emerge along with cultural capital of life-styles distributed over a range of social classes that come into being. The sense of privation is felt only if the agent has a certain aspiration to overcome it, which should be part of his dispositions. Hence, the notion of social want requires two things: (1) certain social objects such as the life-styles of various classes that the agent cognizes and to which the agent himself is oriented, and (2) a socially acquired desire to seek upper status identification by emulating such life-styles. More specifically, social want must be defined as a convoluted want in that it takes both social facts (e.g., life-styles and their popularity across social classes) and shared normative values that are internalized into the motivational structure (e.g., the motive of emulation and avoidance for upper status identification under a cultural symbolism) for its orientation. Unless social want is convoluted in this sense, it would be difficult for any given society to generate its dynamism through innovation and industry. We now turn to the problem of how to define social want, with a hope to bridge the gap between economics and sociology, by introducing the notion of socio-economic rationality (i.e., the rationality of maximizing the symbolic profits of social status identification through emulation of higher status life-styles).

7 Social Want and Socio-Economic Rationality

Adam Smith, Veblen, Bourdieu, and Parsons agree to the point that many of human wants are socio-cultural in nature. They support the view that human wants (or individuals' preferences or need-dispositions) are grounded in the institutionalized common normative values introjected into the motivational structure. If human wants are institutionalized (as wants created by the mind as it creates a social space), the idea of the utility function loses its power to explain human behavior if this behavior is rooted in such wants. The reason is clear: When it comes to the social utility of any good (the utility of a good to meet our social want), it is not possible to know *a priori* how useful it can be, unless one has learned, hence knows how meaningful it is to acquire it for the purpose of upper status identification in a particular culture in which the choice is made; that is, the social value of a good should consist in the symbolic profits it yields, or in cultural consumption that it affords[5]. This means that at least four things are needed for evaluation of a good for its symbolic value: (1) a social space or field which features life-styles of various social classes (such styles are the clusters of

complementary symbols), (2) a measure of distance that separates social classes on the social status ladder, (3) some sort of an effective emulation and avoidance pattern, not in the notional sense of the best response function derived from a given payoff function, but rather as a socially meaningful effective pattern that is a composite of economic, sociological, psychological, and communicational factors that constrain the emulative desire of an agent, and (4) a measure or an index of the popularity of goods across various life-styles, which informs the agent of the extent to which goods can yield symbolic profits (in terms of higher status identification) if emulated. If the social value of a choice object is based on all these things, preferences can no longer be independent of the social space/field in which individuals are situated nor can it be independent of the motivational structure that reflects the normative values. In approaching the problem of choice decision making, economists usually start, with a good reason, with a utility function, whether this be defined on the space of choice objects or on the space of characteristics. In this conventional approach, the demand for any choice object reflects the nature of the objective constraints (that is, the budget constraint and a production function that mediates choice objects and characteristics). In contrast, the institutional theories of Adam Smith, Veblen, Bourdieu, and Parsons suggest that the utility of a good arises more from an individual's appreciation of its symbolic value in relation to the social space perceived in his mind as well as in relation to the socially acquired dispositions, than from its objective characteristics. But, such appreciation of symbolic values requires that our tastes and thought be habituated in certain ways. Cultural consumption is a virtue in itself as Bourdieu argues, in that it reflects the objective conditions of existence, and social want is born from a sense of privation in this consumption. This is why we believe that an effective emulation pattern over the life-styles of various social classes or groups (not the notional reaction function) is critically important in defining social want. This is consistent with

Bourdieu's idea of the effective demand of the habitus, which reflects all constraining objective conditions of existence.

Because of this relationship between symbolic values of goods and habituated tastes, it is important to relate man's symbolic-expressive behavior to the economics of bounded rationality *á la* Simon (1955, 1959) and to the economics of limited cognition (e.g., Cyert & March, 1963; Conlisk, 1988; Day & Pingle, 1991; Pingle, 1992; Pingle & Day, 1996). If cultural capital is a stock of life-styles that have evolved from the conditions of existence and is a collection of complementary clusters of symbols (each life-style is a cluster of symbols), it can serve as a powerful guide in directing the agent's choices by allowing him to focus on what is useful for symbolic profits and by letting him save cognition itself. That is, if a social space is a space in which life-styles appear as concentrated clusters of various cultural symbols and if the agent seeks symbolic profits, the most effective choices can be made by making direct use of them. From the standpoint of the economics of bounded rationality, we may name solutions offered by life-styles 'heuristic solutions' because of the economization they afford. But, it is more than that. As Bourdieu elaborated, the conditions of existence (the possibilities, probabilities, impossibilities, freedom, restraints, and what not) create virtues of consumption by way of forming life-styles. The capital of life-styles itself is a product of the restraining external conditions. Thus, it is not that the agent relies on life-styles because the external conditions of existence limits our rationality, but rather that the agent makes use of them actively because they are the virtuous ways of consuming created from the external conditions.

At any rate, it is useful to take note of the following observations on the logic of bounded rationality: (1) The decision-making environment including the internal psychology and the cognitive capacity of a decision maker has its limits; the internal psychology has its own way of perceiving things, and the cognitive capacity is not unlimited; (2) the time endowment is fixed, so that all activities including thinking, cognition, and evaluation compete for the use of time; (3)

information on which decisions are based is not only insufficient but often erroneous, but information gathering/processing to correct the situation requires a significant amount of time; (4) many situations in which decisions are made are not only risky but also uncertain beyond any objective probability (because the situations are novel), which requires that decisions be made on subjective probabilities. (5) Even if these conditions were not present, decision making in a social environment faces a serious problem of coping with uncertain responses from other agents. Under these limitations, decision makers may turn to solutions that are not only reliable but also economizing on the cost of decision making. If there are simple modes of behavior which have proved to be effective over the years through an error-learning process, there is a good reason to tap on such modes. This is, in essence, the point made by Simon (1978) when he brought forth the notion of bounded rationality exercised through the procedural rationality as opposed to the substantive rationality which requires substantial amount of resources.

In the case of choices made for symbolic profits, the agent cannot turn away from the social and cultural norms of society because it is precisely these norms that define symbolic values of choice objects. Hence, to the extent that human behavior is grounded in a social space and is, therefore, a symbolic-expressive behavior, it is necessary for the agent to turn to such norms for guidance on symbolic profit making. At the same time, the norms, particularly, in the form of life-styles, have emerged from the conditions of existence over time through trial and error, hence can serve as the source of heuristic solutions to otherwise complex problems. For expressive behavior in a social space, it is not only expedient but also necessary to rely on the knowledge accumulated in the life-styles, for turning away from them defeats the whole purpose of expressive behavior aimed at symbolic profits. Hodgson (1986) argues that in understanding human behavior it is not necessary to fall into the trap of complete voluntaristic individualism (typical in economics) nor into the trap of the

structural determinism (as often found in sociology), by coming to terms with norm-oriented purpose behavior. Bounded rationality that draws on social capital of heuristics offered by life-styles allows human behavior to be molded by social and cultural norms while retaining the autonomy of individual decision makers. Relying on this capital not only facilitates our decision making but also meets an important criterion of how to express one's choice as a symbolically meaningful choice. Thus, symbolic expressive behavior and orientation to social and cultural norms converge on the motive of bounded rationality.

Economization is a strong motive, for all of our resources including time and the capacity of cognition are limited. Hence, how to economize decision making is a matter of serious concern to all decision makers. Day (1984, 1987) listed seven basic modes of economizing choices: (1) obedience to an authority, (2) imitation of others' modes, (3) habit (unconscious repetition of past behavior), (4) unmotivated search, (5) hunch, (6) experimentation (trial and error), and (7) procedural optimizing (see also Pingle & Day, 1996). Some of these modes (particularly, (2), (3), and (7)) may draw on social and cultural norms, not only as a source of low-cost heuristics but also as a source of socially acceptable ways by which to seek symbolic profits in an invidious environment. In fact, it is impossible to seek such profits without knowing where the norms lie. Beckert (1996), on the other hand, argued that if the means-end relations on which economic calculations are based are lacking because of uncertainty, some external mechanisms are needed to reduce the choice set of decision makers and to restore certainty in the means-end relations. As Knight (1921) argued, uncertainty is not something that can be reduced to calculable probabilities. This implies that the means-end relations may break down under uncertainty. That is, choosing means does not lead to an end even in probability terms. If such relations break down, the power of the conventional rational choice theory falls with it. Hence, the condition of uncertainty necessitates that this theory be replaced by a more practical way of handling it that can somehow restore the means-end

relations by narrowing the set of choice objects. As an alternative to the objective rationality, Beckert introduced the notion of intentional rationality as the kind of rationality that relies on simple devices as instruments of uncertainty reduction. Such devices include (1) tradition, habit, and routines, (2) norms and institutions, (3) structural predispositions of decisions such as social networks, organizational structures, and past decisions, and (4) power relations (Beckert, 1996, pp. 827-829). Making use of these devices narrows the choice set of decision makers and make actions adaptive and hence predictable, by building up rigidities in human behavior. But, if this is the case, these devices beg a difficult question to answer: Why do they serve as devices of uncertainty reduction to begin with? In order for this to be true, the devices themselves must bear some sort of collective wisdom so that the decision makers feel good about the choices they suggest. In this paper, we answer this question by showing why norm-oriented emulative behavior under a cultural symbolism simplifies the decision making, yet produces a cultural expressive behavior that serves the purpose of emulating higher statuses.

At any rate, Beckert's argument is consistent with Bourdieu's idea of habitus, which turns the external conditions of probabilities, possibilities, and impossibilities into virtues of making choices showing up as life-styles, as well as with the theories of Adam Smith and Veblen, which show how our tastes are circumvented and turn into the sense of nobility that can serve as the principle of surveillance. As those objects that do not appeal to the sense of nobility or do not fit life-styles are screened out, the choice set is certainly narrowed by this surveillance. The notion of intentional rationality also implies that the narrowing of the choice set must be intentional. We are not interested in those objects that merely serve as instruments of uncertainty reduction. We are interested in those instruments that serve our intention. Again, Adam Smith, Veblen, and Bourdieu come to support this argument, for they all argue that our consumption is a virtuous activity *vis–à–vis* a cultural symbolism that we are familiar with.

Particularly important is the cultural capital of life-styles as clusters of symbolic values, which the agent intends to emulate or avoid. We can assume that Beckert's devices, (1) tradition, habit, and routines, and (2) norms and institutions, are all present in this capital, which serves not only as the device of uncertainty reduction but also as the device of facilitating symbolic profit making.

We also note that Beckert's argument that the devices of uncertainty reduction narrows the choice set, thereby making actions more rigid and predictable shares much with Heiner's insight (1983, 1989) that being bounded in decision making is an important source of predictable behavior, for decision makers turn to more inflexible decision rules. But, again, his insight begs another question: If agents turn to more inflexible rules, how do such rules come about? Are they part of the collective wisdom that has absorbed the cost of decision making under bounded rationality, and why this wisdom is focused more narrowly on the range of possible choices? All of the arguments made on simplification devices (i.e., economization of economizing) requires a higher principle that in fact renders the devices effective with respect to something in which agents are interested.

In a similar vein, Simon (1976) argued that the intended and bounded rationality (that takes the form of satisficing behavior) forms the theoretical basis of administrative behavior. We recall here that Hayek (1967) made a similar point that while our conscious activities are subject to supra-conscious rules (which are intuited but whose content cannot be made clear), we resort to such rules as customs, habits, and moral rules in order to narrow the range of choice alternatives so that our actions are made more meaningful, which is the crux of the matter because any rule that makes our actions less meaningful would not be adopted (see aldo Hayek, 1973; 1988). In this regard, it is also worth mentioning that in the double contingency problem that Parsons (1954) addressed, ego and alter may resolve this problem by narrowing the range of their actions to those that are socially meaningful with symbols that can be interpreted easily. This is similar in spirit to what Gintis

(2009) refers to as the choreographing of actions or strategies based on common beliefs and social norms. Certainly, the reliance on cultural capital of life-styles not only narrows the range of choice alternatives but also makes choices meaningful in symbolic terms. It cannot be a coincidence that the theories of cultural evolution by Adam Smith, Veblen, and Bourdieu all relied on habituation as the most important principle that turns the world of non-differentiated continuities into the world of symbols, where the agent's choice becomes focused on symbolic values rather than values of natural origin. A social space is distinctly different from a physical space in this regard. But, symbolic values or signs do not exist isolated from one another but exist as clusters that define life-styles as virtues of consumption, which makes emulation a socially desirable thing to do. Such life-styles narrow the range of choices and allows the agent, at the same time, to concentrate his industry on accumulation of wealth. The logic of bounded rationality and the tools we use to resolve it were pursued in various insightful forms in the 84th Dahlem Workshop on Bounded Rationality: The Adaptive Toolbox, Berlin, 1999 (e.g., Gigerenzer & Selton, 2001; Selton, 2001; Gigerenzer, 2001; Boyd & Richerson, 2001; Goldstein, Rappporteur, 2001).

The recognition that human behavior is bounded-rational and that such rationality calls for devices that reduce the complexity of problem solving do support the institutional approaches of Veblen, Adam Smith, Bourdieu, and Parsons, or *vice versa*. We believe the following points are particularly important in constructing a model of norm-guided behavior (or norm-guided endogenous preference formation): (1) The society, as a system, takes on a bigger meaning than a mere aggregation of its parts, since it holds itself as an order by a principle of internal connection and integration that is higher than a principle that applies to its parts. (2) What the society has accumulated as social and cultural capital over years can serve as reliable sources of socially meaningful (i.e., symbolically meaningful) simplification devices to otherwise complex decision problems. (3) Decision makers will turn to simple modes of behavior or heuristic solutions in order to

economize on cognitive effort otherwise required to deal with the strenuous decision-making environment. (4) If preferences are composed of various needs that are not necessarily commensurate, these needs may have to be prioritized and satisfied sequentially with switching from one need to the next being effectuated as soon as the aspiration level is reached. (5) There are social and cultural norms (social institutions, customs, sanctions, cultural values, etc.), which would not be reproduced and sustained unless such norms motivate individuals to endow their actions with social meaning supportive of the norms. If the needs beyond physical ones are social needs that arise from social and cultural norms, such norms may account for the origin of norm-guided preferences under social interdependence. (6) More strongly, the formation of norm-guided preferences or the recognition of social needs reflects the desire to act in a socially meaningful way when there are serious limits to the objective rationality. Social and cultural norms are, therefore, not simply the sources of external influences on human behavior, but rather they endow the decision-making environment with a social and cultural structure in which norm-oriented preferences are actively formed to reproduce the structure itself. (7) Under a socially and culturally structured environment, individuals are likely to exercise local rationality within their zones of flexible responses in Day's terms (1984, 1986), which are determined by the history of their past emulation and avoidance and accumulation of economic and cultural capital. In Kahneman and Tversky's terms (1979), these zones, therefore, come with certain endowments reflecting the history of the decisions made, and provide the reference point in the process of emulation.

Based on these considerations, it is possible to construct a theory of choice behavior that answers Simon's call for procedural rationality as well as Hodgson's call for norm-oriented purposive behavior, by positing that low-cost heuristics to otherwise complex problems can be found in the life-styles of social groups. These life styles constitute the social capital that has been accumulated through collective learning

processes. The idea is that if the cost of problem solving is too excessive for single individuals to bear, it makes sense to invest in this capital collectively by sharing the cost of the required investment, because the benefits of the accumulated consumption know-how accrue to all members of social groups. If one relies on this capital in making choice of consumption goods or durable goods, the task of selecting the best object from the set of feasible alternatives is reduced to the act of referring to what has been tested and proved effective collectively. The life styles of social groups are embedded in a cultural-value system so that the act of orienting to them will be in accord with the need-dispositions that have internalized common normative values. This implies then that individuals in a social system are aware of appropriate choices to make as well as appropriate actions to take for the sake of upper status identification, with good understanding of what constitutes social sanctions that help define the socially acceptable parameters of the zones of flexible responses (Granovetter, 1985). In this sense, the society (as a social space) is not simply a collection of life-styles or clusters of wants or symbolic values, but is a culturally directed social field (analogous to a magnetic field in physics) in which the life styles of social groups exist as collectively-tested norms of consumption and in which individuals are informed of the effective direction for higher status identification when acting within such zones. It is such social field that gives rise to social want as a culturally directed social predisposition.

More specifically, building a theory of choice based on this social want requires a measurement of the degree to which this want is gratified by choice objects, so that this indexation can be used to form some sort of ranking on such objects. We may call this measurement the symbolic valuation. Since there is no *a priori* utility function, such measurement must be constructed from the social field. Suppose that this field has many social groups whose social statuses can be ranked along the social status ladder. Then, we may think of the life-styles of various social groups as being located on this ladder. One's current social status provides a reference point with respect to

which the distance to other statuses can be defined, by subtracting the ranks of the latter from that of the former. With this convention, the social distance to a higher status takes a positive value whereas that to a lower status takes a negative value. If we could define an emulation-avoidance pattern on this social distance space, by taking into account all relevant forces that work on choice making, e.g., the economic principle that defines how costly it is to make any choice, the sociological principle that governs the presence of social norms and sanctions, the psychological principle that dictates how choice objects are perceived in the mind of individuals in terms of satisfaction, and the communicational principle that works on the flow of information between social classes, i.e., on how information is disseminated within and across social groups (see Ray,1973), then it would be possible to approximate the degree to which any given commodity can meet the social want by taking the convolution of this emulation-avoidance pattern with the objective date on the distribution of the commodity's popularity index over the life-styles of the social groups. The most distinct feature of such measurement is that it is grounded in an actual social field in which social distance and the direction of social status emulation are defined. We may call such measurement the social want satisfying property of a commodity. If the social actors base their choice decisions on this convoluted measurement, it becomes an important source of social evolution driven by the motives for emulation and avoidance. This is very much in accord with what Adam Smith and Veblen expounded in their evolutionary theories. What distinguishes our notion of convoluted social want from any other treatment of human wants is that the social want here is captured as a joint product of institutionalized preferences/dispositions on the one hand and social capital of life-styles as accumulated knowhow of consumption on the other, which directs our motives for symbolic profit making. There is no such thing as social want that can be treated in the abstract because it is always paired with an actual existing society that has its own cultural and expressive symbolism.

It should be reminded that the emulation-avoidance pattern that is based on the afore-mentioned principles is an effective pattern, effective in the sense analogous to the distinction between the Keynesian effective demand (which would arise if prices and wages were more or less rigid, hence if employment level and demand for goods are mutually constrained) and the Walrasian notional demand (which would emerge only under full adjustment of prices and wages). Just as the real purchasing power determines the former demand, in a similar vein, the effective emulation-avoidance pattern represents the real power to emulate or avoid with all its determinants taken into account: economic, psychological, social, and informational. Moreover, such patterns may give a certain dynamic structure to the emulation and avoidance game played by the constituent members of society with invidious culture, possibly giving rise to strategic complementarities between emulative efforts taken by the members and, therefore, to multiple equilibria of such actions (Cooper & John, 1988). This is analogous to the fact that when prices were rigid, there could be strategic complementarities among the production levels of different firms and/or industries and multiple equilibria of the total product of the economy.

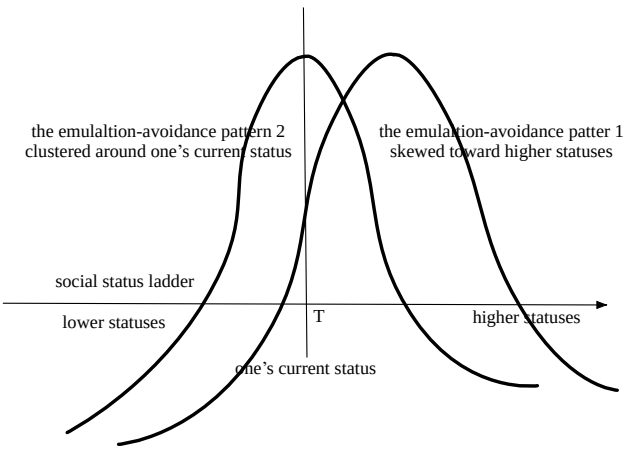

Figure 1
The emulation-avoidance pattern as an effective pattern

We now study the implications of this effective emulation-avoidance pattern by showing a few examples. Fig. 1 shows two emulation-avoidance patterns, 1 and 2. They are defined on the social distance dimension shown by the horizontal axis. Pattern 1 has a shape typical of individuals whose dispositions are leaning toward invidious comparison as in Veblen's theory of the leisure class or in Adam Smith's theory of moral sentiments. It is skewed toward higher statuses with avoidance on far ends. The negative values of the pattern on far ends are caused partly by social sanctions against excessive deviation, partly by the diminished flow of information from distant social classes, and partly by the risk of losing the complementarity of goods consumed. On the other hand, pattern 2 has a shape typical of individuals whose dispositions are more inclined toward the life-styles that are being lived now, again with avoidance on far ends; it captures roughly what Bourdieu has in mind when he says that the objective external conditions of existence are turned into virtues of liking what one has or is familiar with. If the psychological satisfaction from higher statuses is large and does not diminish much (according to the law of diminishing satisfaction), the shape of the emulation-avoidance pattern will be more skewed to the right. This is also true with less sanctions against deviation, which will be the case if an invidious culture strongly encourages emulation.

The emulation-avoidance patterns of different individuals are individual-specific depending on their current social statuses (their reference points) and the endowments of their cultural capital, but they are homologous in structure, within or across social classes. This is consistent with Bourdieu's idea that the habitus dispositions of different individuals belonging to a social class are variations of the same homologous structure. This homology extends to all different classes basically because the logic of the habitus remains similar but also because the four principles determining the pattern should work in all classes, even at the top although there are no higher classes. As Adam Smith and Veblen stress, the social class at the top always tries to distance itself from the lower classes to

avoid their emulation by setting a new fashion. The class at the top, therefore, has an emulation and avoidance pattern with the social statuses in the positive direction extending into a hypothetical region.

Apart from the emulation and avoidance pattern is a distribution of the popularity index of any given good in the life-styles of various social groups. An example will clarify the point. Suppose that the popularity of a durable good A is indexed and has a distribution shown by one on the right in Fig. 2. It shows how popular the good is across different social statuses. This is an objective social fact. The good is unpopular in the far ends, and its popularity peaks around the *s***-status. There is another distribution shown by one on the left in the same figure, which represents the popularity of another good B across social statuses, which shows its peak around the *s**-status. One can think of these distributions in the same way as the probability distributions as the total popularity across all social groups must add up to one.

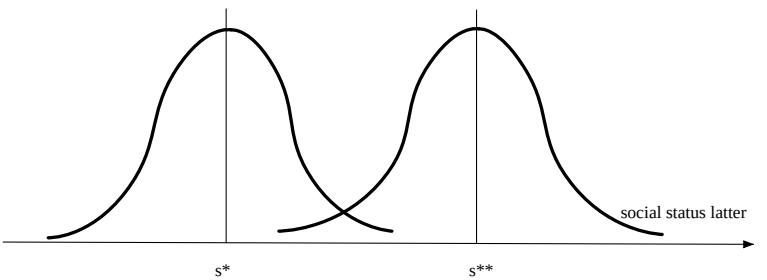

Figure 2
The distribution of the popularity of a good

Now, let an emulation-avoidance pattern in Figure 1 be represented, for an agent i, by $f_i(s - T_i)$ where T_i represents the agent's current social status (his reference point), and let a popularity distribution of good $Ag(s)$. If we take a convolution of these two functions, we obtain a new measure given by:

$$A\ convoluted\ measure = \int_D f_i\,(s - T_i)g(s)ds$$

where the integral is taken over the domain D of the social status s. This measurement shows the capacity of good A to meet the agent's social want of upper status identification at his current status T. We may, therefore, define this capacity as:

$$W_i(T_i: good\ A) = \int_D f\,(s - T_i)g(s)ds$$

where $W_i(T_i: good\ A)$ is the social want satisfying capacity of good A for agent i whose status is T_i. Note that if the popularity distribution $g(s)$ is interpreted as a probability distribution and if $f_i(s - T_i)$ is interpreted as a random variable, this capacity is analogous to the expected value of the emulation-avoidance pattern $f_i(s - T_i)$. That is, the social want satisfying capacity can be interpreted as this expected value. Also note that if the emulation-avoidance pattern remains similar, $f_i(s - T_i)$ can be obtained by shifting $f_i(s)$ to the right by the agent's status T_i.

If we take another agent whose social status is different from T, then with a homologous emulation and avoidance pattern, the social want satisfying capacity of the same good A for this agent will be different, greater or less depending on where his status lies relative to the distribution function $g(s)$. Hence, for two agents, i and j whose statuses are T_i and T_j such that $T_i \neq T_j$, and whose emulation-avoidance patterns are given by $f_i(s - T_i)$ and $f_j(s - T_j)$ which are homologous in shape, we will expect that

$$W_i(T_i: good\ A) = \int_D f_i\,(s - T_i)g(s)ds$$

$$\neq W(T_j: good\ A) = \int_D f_j\,(s - T_j)g(s)ds$$

Thus, the same good has different social want satisfying capacities for different agents of different statuses even if its distribution function remains unchanged. The symbolic value of a good is, therefore, different between different agents.

This is the reason why this capacity cannot be measured by a utility function given *a priori* even if this function is indexed by the social status of the agent. The measurement of the capacity requires *a posteriori* information as to the distribution of the popularity across the social status ladder. This is consistent with Bourdieu's point that for the habitus dispositions, it is not possible to dichotomize dispositions and the external conditions of the existence, and with Parsons' view that the scheme of instrumental goal-orientation is not adequate for actions motivated by institutionalized dispositions that internalize common normative values. Any scheme of instrumental goal-orientation would require an *a priori* given objective function independent of the means to achieve it, which is impossible to meet for symbolic expressive behavior based on dispositions.

To the extent that the emulation-avoidance pattern reflects all relevant principles discussed above (the factors that determine its effective shape), the measured capacity can be thought of the effective social or cultural capital (expressive-symbolic capital) contained in a good or in a bundle of goods in question. Since the measurement takes a numerical value, it defines a binary relation on any pair of choice objects, single goods or composites of goods. Thus, with this relation defined on the space of choice objects, we are in a position to analyze its properties such as reflexivity, transitivity, and completeness. Since these properties are met, the binary relation constitutes a preference order. This fact allows us to characterize the agent's choice based on social want satisfaction in rational terms; that is, the agent's choice from any budget set can now be rationalized as being the most preferred bundle in this set (see Richter 1971 on rationalizability). Here, the phrase, "the most preferred", refers to the highest in the social want satisfying capacity (see Hayakawa, 2000). The difference from the conventional theory of choice, which is based on the premise that a preference relation or a utility function is an *a priori* given mapping, is clear.

Denoting the social want satisfying capacity by SWSC, we may formally write this optimization problem, as a first approximation, as follows:

$$Max_x SWSC(x) = \prod_{i=1}^{n} \left[\int f(s-T) g(s, x_i) \right]$$

$$sublect\ to: \sum_{i=1}^{n} p_i x_i \leq M$$

Where M is the agent's income or wealth; x_i is the quantity of the i-th good; p_i is the price of this good; $f(s-T)$ is an emulation and avoidance patter; $g(s, x_i)$ is a popularity distribution of x_i (its quantity is allowed to vary to take into account the fact that a small amount of x_i may be popular while a large amount is not); $\prod$ is a product notation. The reason why SWSC is expressed as a product of the n convolutions is because emulation is targeted at a life-style, which requires that certain goods be consumed in a complementary manner. The idea is that a commodity bundle x may have a higher social want satisfying capacity if it is consistent with a life-style to be emulated. Formalizing the expressive behavior in this manner shows that it produces a consistent and rationalizable behavior. Since such behavior is based on the symbolic meaning of choices made in terms of upper status identification, we call its governing principle the socio-economic rationality as opposed to pure economic rationality.

Thus, measuring the social want satisfying capacity of any choice object by taking a convolution of an emulation-avoidance pattern with a distribution pattern of its popularity across social statuses, and postulating the agent's behavioral principle as the optimization on this capacity under a given budget set grounds the agent's choice in an actual social space in which he emulates the life-styles of higher statuses. Note again that it has to be a convolution of two functions, one defining an effective emulation and avoidance pattern anchored in one's current social status and the other giving a

distribution of the popularity of any given good, single or composite. The latter is an objective social fact, hence stays the same for all constituent members of the society. The former differs from one individual to another although the same set of principles or factors determine its homologous structure. Since the life-styles are the consumption norms associated with social classes, and also since the desire to emulate higher statuses is a cultural value norm (in an invidious culture), optimization on the social want satisfying capacity defines an effective norm-guided behavior that works proficiently for symbolic profit seeking.

Many of human wants or needs are physiological, but humans have cultivated many socially acceptable and symbolically meaningful ways of satisfying them. It is this fact that makes the symbolic profit seeking behavior particularly important. That is, when there are many objects that can satisfy wants and needs to various degrees, the social want satisfying capacity contained in them will be a final judge of which object to choose. This fact can be formalized by considering a satisficing lexicographic preference ordering defined on the space of all wants/needs, physiological or social, which are prioritized, with each want having a satisficing level so that the agent's attention switches from one want to another when this level is reached. The last one must be the social want because this want is the final judge in cultural consumption. Since an ordering is reflexive, complete, and transitive, it will make the expressive behavior consistent, hence characterizable as a rational behavor (Hayakawa 2000). But, the ordering itself is not measurable, that is, it cannot be represented by a utility function (Georgescu-Roegen 1954, Fishburn 1974). Parsons characterized human dispositions as need-dispositions, and needs can be prioritized, which makes it plausible to think that the agent attends to them by setting certain satisficing levels.

It is interesting that Day's notion of the zone of flexible responses, the zone in which an individual makes his or her flexible decisions in a recursive system, shares much in common with a socio-economically determined zone discussed here, in which an individual tries to make the most meaningful

choices for upper status identification by convoluting the effective emulation-avoidance pattern with the social facts of the popularity distribution of choice objects across social statuses. We can think of this zone as being determined by one's current social position (including his income, wealth, and cultural capital) like in the case of Bourdieu's habitus. More specifically, each agent, occupying a certain position in a social space, seeks upper status identification by trying to move from one zone to another in a direction that is most effective.

As Adam Smith and Veblen argued, seeking higher statuses or the image of such statuses by emulating their life-styles is an essential part of an invidious culture. But, such seeking is based not on utility functions (or the payoff functions) given *a priori* but on a socio-culturally inculcated desire for upper status identification under an effective emulation and avoidance pattern determined by the conditions of social sanctions, information flow, psychological satisfaction, and feasible economic means. As we discussed above, it is possible to characterize what the agent seeks as *homo socius*, which we defined as the symbolic profits represented by the want satisfying capacity contained in choice objects. That is, the agent's expressive behavior based on institutionalized dispositions (or need dispositions) can be formalized as the rational behavior in terms of symbolic profit seeking subject to the feasibility of economic means. This allows us to state, as a general proposition, that the agent of institutionalized dispositions is rational in his or her expressive behavior as much as the same agent would be equally rational in economic profit seeking. But what makes cultural expressive behavior so attractive and commanding is that, by attending to norms of life-styles, it is not only consistent and rationalizable but also predictable and interpretable in symbolic terms, hence serves as an effective medium of cultural evolution by facilitating symbolic communication.

Notes

[4] Placing Freud's social theory within the Hobbesian problem of order was criticized by Kaye (1991) as a false convergence. The idea that asocial human nature is somehow transformed into a social one as individual personality internalizes social and cultural forces into the superego obscures Freud's theory, which is based on the notion of unconscious mental processes driven by ambivalent desires subject to the defensive forces of repression (p. 89).

[5] The literature on cultural, symbolic, or conspicuous consumption has flourished in recent years. For example, see, Lizardo (2008), Han, Nunes, & Dreze (2010), Sweet (2011), Berger, Ho, & Joshi (2011), Torelli & Cheng (2011), Firat, Kutucuoglu, ArikanSaltik, & Ungel (2013), Warde (2014), Kastanakis & Balabanis (2014), Dubois & Ordabayeva (2015), Deans, Samantha, Daube, Derevensky, & Gordon (2016), Pronay & Hetesi (2016), Goldberg, Hannan, & Kovacs (2016), Goldberg, Hannan, & Kovacs (2016), Chang, Wang, & Chen (2016) and Torelli, Ahluwalia, Cheng, Olson, & Stoner (2017). Our paper differs from these studies in that it attempts to show the rationality of expressive consumption behavior based on institutionalized dispositions.

Conclusions

Our discussion on social norm-guided choice behavior and emulation-avoidance patterns suggests that it is possible to articulate the institutional nature of choice decision making of agents as well as how this nature mediates the evolution of a socio-economic order (which draws on the formation of the common normative values and the introjection of such values into the motivational structure of each person). Such articulation goes with Hodgson's (2004) recapitulation of the reconstitutive effects of institutions on the formation of individual preferences as the key to the mechanism of institutionalization. It goes equally well with his recapitulation of the degree to which institutional evolution may depend on habit formation, which occupies the central place in the theories of Adam Smith, Veblen, and Bourdieu. Also, our view is very supportive of Gintis' view (2009) that humans have a normative predisposition to let common beliefs and social norms to choreograph a correlated equilibrium, which points to a new direction in understanding how the bounds of reason and forms of sociality are integrated by a higher principle that can potentially harmonize conflicting

interests of social actors. Such a view is an outgrowth of Parsons' institutionalization theory which addressed, on a grand scale, the double contingency problem that needs to be resolved in one way or another to avoid the Hobbesian disorder. Parsons' theory says that social systems are constituted of the need-dispositions that individual actors acquire by internalizing common normative values into their motivational structures. This theory can still provide a powerful framework of analysis that can highlight the importance of integrating social ontology of downward causation (from the emerging properties of social norms to decisions and interactions of micro units) with economic ontology of upward causation (from actions and interactions of micro units to the emergence of social norms) as well as the importance of integrating cultural symbolism and norm-orientation with the voluntarism of agents (Alexander 1983; Alexander & Giesen 1987). As argued in this paper, we can go beyond Parsons' division between economics (whose methodology consists in instrumental rationality) and sociology (whose methodology consists in analysis of institutionalized dispositions and behavior), by showing that choice behavior based on such dispositions can still be articulated as a rational behavior that seeks symbolic profits. In fact, as the theories of Adam Smith, Veblen, Bourdieu, and Parsons indicate, institutionalization of tastes, which is a product of evolution, is fundamental to any society. If so, human behavior based on institutionalized dispositions must transcend the dichotomy between objectives and means. Yet, it produces a predictable and rationalizable behavior that should contribute to the formation of a stable socio-economic order.

Rather than assuming that agents have perfect information required for his decision making or for strategic calculation, we should stay within the site in which agents' dispositions are formed to reflect the structural features of society, and ask a more relevant question as to whether it is possible to characterize agents' behavior in this site as rationalizable expressive behavior aiming at symbolic profits of one kind or another. We have demonstrated that it is possible to do so,

although it is not the only way, by defining such profits as the social want satisfying capacity contained in choice objects with due regard to what it means to maximize this capacity in terms of emulation and avoidance of life-styles across social statuses with economically feasible means. The expressive behavior characterized as such is the source of consistent predictive behavior that reinforces common normative values, and which, for this very reason, serves as an effective medium of cultural evolution by facilitating symbolic communication.

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Socio-cultural Evolution, Institutionalized Dispositions, and Rational Expressive Behavior

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Born in Japan, educated in the US (high school, university – undergraduate and graduate), BA in mathematics and economics, Ph.D. in economics (University of Michigan). Crossed the Pacific Ocean as an American Field Service student from Japan to the United States, and graduated from Herbert Hoover High School in San Diego, California. The AFS students from around the world had a chance to meet President John F. Kennedy. This marked the beginning of my life and career in the United States. In college, I was interested in philosophy as well as in mathematics and economics, and this interest continues to this day. After getting my Ph.D. from the University of Michigan, I was mainly affiliated with the University of Georgia in Athens, Georgia, where I served as assistant, associate, and full professor. Served also as an interim head of the economics department, as director of graduate studies, as a member of the Executive Council of the College of Business Administration, and as a member of the University Senate. I then moved to Japan and taught at a number of universities, private and national. With this background, I have come to UBD (Universiti Brunei Darussalam), one of the fastest rising universities in Asia, and I am having a great time interacting with the bright minds of Brunei Darussalam. I find the country beautiful and peaceful.

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